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Bonn Backs

Away From

Farm Feud

With U.S.

But France Still Expects

Chancellor's Support

To Renegotiate Treaty

By Brandon Mitchener

FRANKFURT - Germany appeared Fri-

day to back off from a suggestion that it would side with France to wring new concessions from

the United States before signing a new global

trade pact.
Chancellor Helmut Kohl "did not say we

want to renegouate" the Uruguay Round of the General Agreement on Tariffs and Trade, said Norbert Schäfer, a German government spokesman. Mr. Kohl had agreed on Thursday to work closely with France to find an answer

to "enormous problems with the agricultural

The trans-Atlantic compromise on cuts in European farm subsidies is called the Blair House pact, named for the guest house in Washington across from the White House. It is

"It's news to us to hear that we have prob-lems with Blair House." said the Economics Ministry. Officials in Germany's Foreign and

Agriculture ministries were also surprised by

Germany's apparent attempt to distance it-

self from the chancellor's remarks may confuse France, which had already claimed victory in its

France, which had already claimed victory in its attempt to sink the unpopular agricultural accord. Jacques Delors of France, president of the European Commission, hailed reports of a new German flexibility by saying Mr. Kohl, in deference to France, had chosen a "grand visioo of Europe" over its own domestic interests.

[Aides to Prime Minister Edouard Balladur

France shrugged off the apparent weakening

of German support over farm trade, saying he

had woo concessions from Germany regardless of what officials in Bonn were saying, Reuters reported from Paris, "They're playing with words," an aide to Mr. Balladur said.]

[The Clinton administration was trying uracular strains.]

gently Friday to determine whether Mr. Kohl

had actually reneged on Germany's support for the Uruguay Round's farm compromise, but

trade officials said that if he meant to change

European policy, "this would cause grave con-

Herald Tribune reported from New York.]
The German agriculture minister, Jochen Borchert, said both countries were studying how to bring the planned farm subsidy cuts into

harmony with the European Community's 1992 reform of its Common Agricultural Policy. But Germany never intended to suggest the Blair House deal be reopened, German govern-

ment sources said. Such renegotiations would

make it hard to conclude the Uruguay Round

would want to renegotiate anything," said Klaus-Jörg Heynen, an official with the Ger-

Germans sometimes call Mr. Kohl a one-

The confusion over Mr. Kohl's latest com-

ments, made Thursday after he met with Prime

Minister Edouard Balladur of France, over-

shadowed the image of harmony the two lead-

French-German friendship, often described as the axis around which the rest of Europe

revolves, has been strained to the breaking point recently over differences on trade and

On trade, Germany is trying to halance alle-

giance to the United States world's largest agri-

cultural exporter, and to France, the second-

"The Germans are in a difficult position."

the conservative daily Frankfurter Allgemeine

man government because of a tendency to

make policy before consulting other officials.

man Agriculture Ministry in Brussels.

ers had tried to project.

monetary policy.

of world trade talks on schedule by Dec. 15. "It's hard for me to imagine the government

Lawrence Malkio of the International

part" of the Uruguay Round.

the key to the broader accord.

China May Drop Pledge On Arms-Control Pact

U.S. Sanctions for Alleged Missile Sales To Pakistan Provoke an Angry Threat

By Lena H. Sun

Washington Post Service
BELING — Promising further strains with
the United States, China threatened Friday to end compliance with an important arms control agreement in retaliation for U.S. economic

The sanctions, imposed as ramishment for what the United States said was China's sale of missile components to Pakistan, drew a "strong protest" from the Chinese government Friday,

the Xinhuz press agency reported.

Deputy Foreign Minister Lin Husqin simumoned Ambessador J. Stapleton Roy to inform him that China viewed the sanctions as "a naked hegemonic act," the agency reported.

The Chinese government and people ex-press their utmost indignation at such a move on the part of the U.S. government that compromises China's sovereignty, dignity and in-terests, and puts Sino-U.S. relations in serious jeopardy," Mr. Lio was quoted as saying.

"Now that the U.S. side has resumed these left with no alternatives but to reconsider its commitment to the Missile Technology Control Regime," the official agency also quoted Mr. Liu as saying. He warned that "the U.S. govern-ment shall be held fully responsible for all the consequences arising therefrom."

The Missile Technology Control Regime is a voluntary arrangement among 18 countries re-stricting the export of missiles and related tech-nology. China is not a member, but like Argen-tina. Israel and several other countries, it has agreed to abide by the guidelines.

When China announced its decision to comply with the guidelines in February 1992, the Bush administration welcomed the move as a: major step forward for arms control cooperation. In return, the United States lifted some sanctions imposed on China in 1991.

If China, one of the world's major weapons. exporters, follows through with its threat to ignore the provisions of the missile agreement, it will be a major setback for U.S. efforts to hair

arms proliferation by other countries. What is more likely, however, is that the announcement was a face-saying grature de-signed to show China's anger at what it consid-ers American bullying tactics on issues ranging from arms proliferation to human rights to Beijing's bid to be host of the Olympies in 2000, according to Western diplomats and analysts. unless "The Chinese have a vision of themselves as a lifets."

By Clyde Haberman

JERUSALEM — When the Middle East peace talks resume in

Washington on Tuesday, Israeli and Palestinian negotiators are expected to discuss mixtures of new and old ideas that have senior

officials on both sides speaking optimistically about a possible break-

Perhaps the most talked about new plan would quickly give the

Palestinians anthority over the tunultious Gaza Strip and the quiet West Bank city of Jericho, with Israeli forces pulling back from those areas. More sensitive questions — control over the rest of the West

Bank and, thornier yet, the future of Jerusalem — would come later. The "Gaza and Jericho first" idea has been embraced by Yasser

Arafat, chairman of the Palestine Liberation Organization, and has qualified support from Poreign Minister Shimon Peres of Israel. But Prime Minister Yitzhak Rabin is said to be highly skeptical, and in the

Kiosk

Sanctions Against Haiti

UNITED NATIONS, New York (Reu-

ters) - The Security Council voted mani-

mously on Friday to lift an oil embargo and

other sanctions against Haiti because a dem-ocratic government is on the warge of replac-

ing the country's military regime.
Under a UN-brokered peace plan, sanc-

tions are to be suspended once a new-prime minister takes office. Robert Malval, who was chosen by the ousted president, the Rev-

erend Jean-Bertrand Aristide, will be sworn in Monday, But the Security Council left open the possibility of reimposing sanctions.

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Security Council Lifts

of themselves as a power that doesn't want to be pushed around," a Western diplomat said.

The Chinese are aware that if they start selling ballistic missiles to countries like Syria and Iran, they will be branded "a real renegade nation." said Michel Oksenberg, president of the East-West Center in Honolulu.

On Wednesday, the United States an-nounced it had evidence that China had shapped technology for the M-11 missile to Pakistan, an act that the United States says is prohibited by the treaty.

The Americans maintain that the missile ex-cerds the I,100-pound (500-kilogram) payload and 300-mile (500-kilometer) distance limits set

The transfer of such technology would not only set back nonproliferation efforts, but would also fuel instability in South Asia, where both India and Pakistan are seeking to be

As required by current U.S. law, Washington harred for export some high-technology items to China and Pakistan.

The Chinese have not denied that certain items were shipped to Pakistan. But Beijing has maintained that it has not breached the specific arms control guidelines. From China's point of view, it is Washington that has broken a pledge.

The shipment of missile-related technology that is the source of the dispute took place in December 1992, a few months after the Bush nistration announced it was selling F-16 fighter jets to Taiwan.

The U.S. decision, motivated by electionyear politics to save defense-related jobs, reversed a decade of U.S. policy toward China. Under a 1982 agreement, the United States promised to reduce and eventually phase out arms sales to Taipei as tensions between Tai-wan and the mainland eased.

Some Western diplomats say they have been told by the Chinese that the sale of the F-16s so angered officials that it became a contributing factor for Beijing's decision to go ahead with exports of missile-related equipment to Paki-

At the time of the F-16 announcement, Chi-na also warned that it might withdraw from arms-control talks, withhold cooperation at the United Nations, and refuse to buy U.S. wheat unless Washington revoked its decision on the

'Gaza-Jericho' Option Comes to Fore



A Muslim girl holding her mother's hand as her stretcher was carried to the UN base at Medjugorje. Bosnia. Croats allowed her and four other wounded children out of Mostar on Friday. The warring factions debated the peace plan in their respective strongholds. Page 5.

NATO Plan: 50,000 Troops for Bosnia

By John Lancaster and Daniel Williams

WASHINGTON — With Bosnian peace talks reaching a critical point, NATO military planners have begun to prepare for the possible deployment of roughly 50,000 peacekeeping troops, including thousands of U.S. infantry soldiers and Marines, according to senior

If a peace agreement is reached, the U.S. troops and their NATO counterparts will arrive in Bosnia by rail, road and air, then spread out scross the countryside to belp maintain order while the country is rebuilt. The size of the American contribution has yet to be determined, but it could reach 20,000 or more, the

end he holds the only opinion in the Israeli government that counts.

broad. Apparently one reason is that he is focused on limited

Palestinian self-rule for the two areas, without full Israeli withdrawal,

while Mr. Arafat has in mind a ministate, a Gaza-Jericho footbold for

Nonetheless, Israeli officials have dropped broad hints of secret

meetings with the PLO to produce the outlines of a possible deal.

Without spelling out details, Mr. Peres said this week that an agreement was within reach. "I think we have worked out a package deal

which is accepted more or less by the Palestinians and us," be said.

Friday by several Israeli newspapers, were denied by a spokeswoman

Reports of the secret Peres meeting, published in varying forms on

See TALKS, Page 5

eventual full statchood throughout Israeli-occupied territories.

Aides say Mr. Rabin feels that the Gaza-Jericho concept is too

since neither the United States nor its allies in the North Atlantic Treaty Organization want to commit specific numbers of troops until there is workable settlement among Bosnian Serbs. Croats and Muslims.

Even then, American and NATO troops could be in for a long and dangerous stay if the parties resumed hostilities. That could prove politically damaging for the Clinton administration, which is already struggling to map an exit for American soldiers from Somalia and

reserve its focus on domestic policy. Nevertheless, President Bill Clinton intends to live up to the commitment he made in Fehruary to provide U.S. ground troops in support of a peace settlement. American offi-cials said. The administration has with reservations embraced a plan negotiated by European

Community mediators in Geneva that would carve the country into three ethnically distinct

"Ground troops are certainly under consideration," a senior administration official said. We would certainly not rule that out hy any

Peace talks are scheduled to reconvene Monday in Geneva. American officials said that beyond reaching agreement, the three parties would have to take concrete steps — such as impounding heavy weapons and ceasing hostil-ities — to show they intended to ahide by the accord. The United Nations would then authorize the peacekeeping mission, paving the way for deployment of NATO troops.

At the same time, American officials do not

See DEPLOY, Page 5 Somali Security Is the Key

Aspin Says U.S. Won't Quit Without It

Compiled by Our Staff From Disputches WASHINGTON — American comhat troops in Somalia will withdraw once security is established in the capital, heavy weapons are out of the hands of warlords and a national police force is set up, Defense Secretary Les Aspio said Friday.

In a speech designed to reinforce the American rationale for having deepened involvement in Somalia, Mr. Aspin gave no specific timeta-hle for bringing home U.S. forces, which in-clude about 1,200 combat troops and 2,800

He stressed Washington's commitment to the United Nations operation and outlined conditions to be met before American forces with-

The danger now is that unless we return security to south Mogadishu, political chaos will follow any UN withdrawal." Mr. Aspin told an audience at the Center for Strategic and International Studies. "The danger we're dealing with here is that the situation will return to what existed before

the United States sent in its troops," he said. Senior administration officials have said that an American military presence will be needed in Somalia until the United Nations succeeds in

establishing a minimal level of security. President Bill Clinton decided last weekend to send 400 army Rangers to Somalia to supplement the combat troops already there.

Mr. Aspin said the president was determined to "stay the course" until United States and United Nations forces can help the Somalis

forces remain long enough to complete their mission and no longer." Mr. Aspin said. "The completion of the mission chiefly concerns security in Somalia."

He cited three main goals: • First, the security issue in south Mogadishu "must be settled.

· Second, he said, the United States must "make real progress" loward taking heavy See ASPIN, Page 2

begin to rehuild their nation.

President Clinton bas directed that U.S.

Zeitung wrote in a front-page editorial. "Especially now, as suspicions of renewed nationalism arise, they want to be seen as good Europeans. But among Europeans, next to the British. they're the most assiduous Atlantic power." Mr. Schäfer, the government spokesman,

said Germany's doubts were "not a question of new negotiations of Blair House but a question of how we deal with the difficulties that arise when the agreement comes into force." France See KOHL, Page 11

Prime Time in Shanghai, and Stocks Are the Stars

SHANGHAI — The biggest bit on Shanghai television this year probably won't be a Hong Kong scap opera or even a Taiwan variety show, but a locky draw for buying shares on the local stock market.

Shanghai television executives have given the event prime-time time billing on Sainrday night — what they call "golden

This is when Shanghai bettors who have splashed out a staggering 900 million youn (\$157.8 million) on lottery tickets will find out whether they have won the right to buy shares in companies to be listed this year on the Shanghai Securities Exchange, one of two in China.

Despite government attempts to cool speculation on the bought tickets in bulk should make a killing.

Stanglai bourse, residents of China's largest city have lost So should the cash-strapped city government, which pockets none of their appetite for "str-frying stock" the proceeds of the lottery.

"It won't just be the most matched show on television, it will "The money is spent on the handicapped, infrastructure

be a day of tragedy or joy for many people," said the China Securities newspaper under the headline "An Unforgettable

Page 5. RACK IN THE SPOTLIGHT — Michael Jackson performing in Bangkok on Friday after a two-day histus. In Los Angeles, where

the singer is being investigated for child abuse, a 13-year-old boy told investigators their relationship "got out of hand." Page 5.

A million people - from senior Communist Party officials to local Public Security Bureau operatives - were mobilized to run the lottery. About 180 million tickets, priced at five yuan, were snapped up in five days at sales points across the city.

The odds of success have been calculated at 2 in 1,000 reasonable odds since each winning ticket can buy 500 shares, probably priced around 5 years and likely to double or triple in value once they start officially trading.

For small operators it is a gamble, but big-time traders who bought tickets in bulk should make a killing.

construction projects, that sort of thing," said a stock exchange

spokesman, Wang Huizhong.
Beijiog's attempts to cool the stock and property markets by tightening bank credit have caused scarcely a ripple of concern in Shanghai, where stall members of the Securities Exchange work overtime in rotation to process 40,000 to 50,000 new account applications each week.

Shanghai has 3 million account holders, roughly a million of them residents of the city, which has a population of 13 million. The Shanghai stock market, set up at the end of 1990, is expanding so fast that the original trading floor — in the ballroom of a prerevolutionary hotel near the famous Bund — can house only a fraction of the members.

A second floor of the hotel was commandeered, and now a former tea factory down the road is being refurbished to hold See FORTUNE, Page 13

Taiwan's Aircraft Industry **Nears Its Baptismal Deal**

TAIPEI - British Aerospace PLC and Tai-

wan Aerospace Corp. said Friday that they had overcome key financial obstacles to a venture that aims to make Taiwan a player in the world aircraft industry and save British jobs. The companies agreed to January to set up

the joint venture to make regional passenger jets, or commuter jets. The manufacture of these planes is considered to be an industry growth area for the 1990s as the world's airlines seek to provide better service on a growing range of short-haul routes.

But the partners ran into disagreement over their respective contributions to the venture, as well as over the transfer of technology to Taiwan. Taipei officials said last week that the deal might have to be canceled.

The financing agreement was reached after five days of negotiations in Taipei among Earle Ho, chairman of the 29 percent government-owned Taiwan Aerospace; K. S. Liang, chairman of Chiao Tung Bank, and John Cahill, chairman of British Aerospace.

The bank chairman said Friday that British Acrospace and Taiwan Acrospace had each agreed to increase its investment by \$200 million to meet the venture's initial capital requirement. A banking consortium headed by Chiao Tuog will finance the injection on the Taiwan side, the vice economics minister. Yang Shih-

News reports in Taiwan said the government would dip into its foreign reserves to guarantee the loan. It was unclear how much money would be provided.

The banks had earlier demanded that proper-

ty or other securities be put up as collateral for loans. British Aerospace balked at that suggestion, according to officials in the Taiwan government, leading to the negotiations to Taipei.
The January agreement called for the formation of a \$375 million, 50-50 joint venture making the RI family of four-engine planes in

Woodford, England, and Taichung, Taiwan. The companies said they would hold talks in September in Britain over other details, including technology transfer and development of an advanced plane known as the RJX, before sign-

ing a final contract. British Aerospace unions were angered by the deal, which led the company to halt production of the jets in Hatfield, England.

About 3,000 jobs were eliminated, but the company said thousands of jobs in the Manchester area were preserved by the deal that saves part of the regional passenger jet busioess. British Aerospace reported a pretax loss of £1.2 billion (\$1.8 billion) for 1992, including a £1 billion charge against earnings for restruc-

turing the regional jet operations. Mr. Yang, Taiwan's vice economics minister. See DEAL, Page 12

By Philip Shenon
New York Times Service

JAKARTA - Hari Darmawan barely had rags to wear at the start of his rags-to-riches story. His childhood home on the northern Indonesian island nf Sulawesi was a bamboo but, and be recalls years in which the evening meal was little more than a bowl of watery rice.

"In those days, everyone was bungry, everyone was poor," he said as he led a tour of his newest home, a 25-acre estate centered an several manmade lakes, with four museum-quality antique houses that he moved here from other parts of Indonesia. "People tell me I should also invest in Singapore, in China, in Australia. But I think the future is in Indonesia."

Today, Mr. Darmawan is Indonesia's retail king, with 38 Matahari department stores spread across the archipelago, stocked almost entirely with Indonesian-made goods that appeal to the nation's new middle class.

Nn one would suggest that Mr. Darmawan's phenomenal success is in any way common in indonesia; the average Indonesian earns the equivalent of \$2 or \$3 a day and thinks of regular electricity and indonr plumbing as luxuries.

Still, success stories, modest and great, are heard

with impressive frequency, and they belp explain wby any lingering perception of Indonesia as some sort of Southeast Asian backwater will probably fade quickly as this nation of 184 million comnext economic and political giant.

Foreign diplomats and development officials say Indonesia is justifiably condemned for tolerating rampant human rights abuses. Nothing has brought the country more publicity in recent years than reports of government-sanctioned torture and murder in East Timor and Aceh Province. But they also marvel at everything the government's pro-grams have managed to do to improve the byes of tens of millions of people.

Despite the recession among Indonesia's large trading partners, the economy grew nearly 6 per-cent in 1992, down only slightly from the three previous years. The economy has been transformed from one dependent on oil exports to one that relies increasingly on manufacturing. Foreign investment has more than doubled since 1988, reaching \$10 billion last year. Living standards have undergone a revolution. The World Bank says the proportion of the people living in conditions of abject poverty has dropped from 60 percent two decades ago to about 15 percent.

"In terms of macroeconomic management, In donesia is a role model for the developing world," said Nichnias C. Hope, the World Bank's represen-

At the same time, Indonesians know their nation is under constant threat from within. The country has jitters about its future political leadership, and about ethnic and geographic rivalries so serious that some fear their nation could one day split

Mr. Darmawan knows the dangers, and the opportunities. In Jakarta in the late 1950s, he took over a small dry-goods store. He struggled to keep it open in 1965, known here as the "Year of Living Dangerously," in which an aborted compiled to the killings of perhaps hundreds of thousands.

"There were riots on the street outside my shop," he said. "Many people I know left Indonesia, forever."

But in the 1970s, as Indonesia began to prosper from an oil boom and prudent acconomic planning. Mr. Darmawan prospered, too. The business grows and grows and grows," he said.

If Indonesia's accomplishments are not widely known abroad, it is because President Subarto who has run the country with a grandfatherly smile and an iron fist since sezing power in 1965, has gone about remaking the economy in a distinctly Indonesian fashion: quietly, cautiously and deliberately, with a premium on consensus

In its most recent annual report on Indonesia. the World Bank praised the government's econor ic management and said the nation was on its way to becoming a "solid middle-income country" by the end of the decade, with an annual per-capita income of about \$1,000.

That is a modest amount by the standards of developed nations, but the implications are huge when a country of Indonesia's size is able to overcome abject poverty. Indonesia is the world's fourth most populous nation, after China, India

Whatever the criticisms of his leadership and of his family's monopoly in large segments of the economy, Mr. Subarto has delivered on his promise of a better lifa for most Indonesians. And whatever they think of him, Indonesians worry incessantly about what will become of the country. when the president, 72, leaves office.

Few nations are as diverse (350 distinct ethnic groups, almost every one with its own language) or far-flung (an archipelago of 13,000 islands stretching 5,200 kilometers, or 3,200 miles). Because of this, disquieting comparisons are often drawn be-tween Indonesia and such former nations as Yugoslavia and the Soviet Union.

President Subarto has always been willing to resort to force to hold the country together, and Indonesia's rubless campaign against separatists has drawn condemnation from rights groups and foreign governments.

But will Mr. Subarto's successors follow the same path? Could the ethnic rivalries grow? Indonesia is the world's largest Muslim nation, with more Muslims than all of the Arab world, and some consider Muslim fundamentalism a threat to.

"The richness of Indonesia, its diversity, is also its weakness," said Abdurrahman Wahid, head of Indonesia's largest Muslim organization, the Council of Islamic Scholars, and a champion of religious tolerance. "Look at what has happened to Yugoslavia and the Soviet Union. That's what I'm afraid of in Indonesia — disintegration."

WORLD BRIEFS

Russia Hints at Flexibility on Troops

MOSCOW (Reuters) — Russia said Friday that the United States had reacted prematurely to Moscow's suspension of troop withdrawals from reacted prematurely to Moscow's suspension of troop wandrawals from Lithuania and said an agreement on a quick pullout was still possible. "We do not consider the situation to be critical and hopeless," said Georgi Karasin, a Foreign Ministry spokesman. "We are not refusing to make a complete withdrawal in the shortest time possible from Lithuania and the other Baltic states." He said that comments by Washington on the issue "show no signs of measured and sober consideration of the

Russia isst week suspended the withdrawal of its remaining 2,500 kussia iast week suspended the windtawal of his lemaning 1900 troops from Lithuania, due to go by Aug. 31, demanding that the former Soviet republic drop claims for compensation. U.S. officials said Russia could forfeit hundreds of millions of dollars in nonhumanitarian aid in. troops did not leave by Oct. 6.

Deaths From Smoking Fall in U.S.

WASHINGTON (WP) — The number of Americans dying from cigarette smoking dropped from 434,000 in 1988 to 419,000 in 1990, according to the federal Centers for Disease Control and Prevention It was the first such decline since the agency began keeping records in 1985. Michael Eriksen, director of the center's Office on Smoking and Health, said the decline in the annual number of deaths, after adjusting for population changes and other demographic changes, resulted primarily from reduction of heart disease caused by smoking.

In 1965, shortly after a report by the surgeon general of the United States first officially warned of the health, dangers of smoking, 42.4 percent of adults smoked. From that high point, Mr. Eriksen said, the proportion of smokers declined steadily to 25.5 percent by 1990.

Japan Vows to Correct History Texts

TOKYO (AFP) — Prime Minister Moribiro Hosokawa promised Friday that history textbooks that have angered Asian neighbors by glossing over Japanese aggression in World War II would be amended to reflect his government's apologies.

The former conservative government closely censored history books to The former conservance government causely centret instity better to play down Japan's military past, ordering publishers to change expressions such as "the invasion of China" to the milder "the advance to China." Fears that young Japanese were growing up without any full historical knowledge of Japanese actions during the war have prompted repeated complaints from Asian countries, particularly China and South

Mr. Hosokawa said that Japan had already admitted the facts of its investions of other Asian countries and that the government would now instruct the Education Ministry to ensure that these facts were included in the new school books.

Woes Increase at British Hospitals

LONDON (Reuters) - Alarm at the state of the British health service grew on Friday with one hospital canceling nonurgent operations because its budget has run out and another seeking 1,800 patients who may have

Under strict new government guidelines for health spending, University College and Middlesex hospital trust said it was forced to suspend nonurgent surgery after having spent its entire annual budget in the first

four months of the fiscal year.

Separately, the health system has been rocked by a recall of 1,800 patients in Binningham after more than 20 were found to have been wrongly diagnosed as having cancer, and some treated with unnecessary, chemotherapy. According to Nigel Hastilow, editor of the Birminghaid Post, which published a leaked copy of an interim report, the local health authority believes it could face large compensation claims from persons who got unneeded treatment or did not get needed treatment.

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Ex-Korean Leader Faces Charges

SEOUL (AP) - Government auditors said Friday that former President Roh Tae Woo faced legal action if he refused to answer questions about his role in the purchase of F-16 fighters from the United States.

Mr. Roh, who left office six months ago, issued a statement Thursday denying any wrongdoing by his administration. He also challenged the authority of government auditors to question presidential decisions relating to matters of national security.

Auditors said that if Mr. Rob did not return a new set of written questions by Sept. 4, the case would be turned over to prosecutors. Prosecutors said they would have to conduct their own investigation and

China Appears to Ease on Expulsion HONG KONG (AP) - China appeared to open the door Friday for a

Han Dongfang, a police spokesman said Mr. Han, 30, was expelled for harming national interests and opposing the Chinese government, the official Kinhua press agency reported. "Of course, if Han Dongfang repents, then the problem of returning home can be reconsidered according to the law," Xinhua quoted the spokesman as saying.

In a telephone interview in Hong Kong, Mr. Han voiced anniety about Kinhua's references to his alleged links with "illegal organizations in China." He said he wanted to ensure that his friends in China were safe before he commented on the suggestion that he repent.

TRAVEL UPDATE

A pile-up, large traffic jams and rainstorms marred the return Priday of French travelers who had been vacationing on the Riviera for their

August vacation. At least 13 people were injured, three of them seriously, in a pile-up that involved 15 cars and caused a 20-kilometer (12-mile)

traffic jam on the toll highway near Valence. Traffic is expected to be heavy throughout the weekend. (Remers)

higher pay, halting hundreds of flights and threatening to strand vaca-tioners on charter trips abroad, the company said in Oslo. (Reuters)

Firemen on Friday put out a brushfire along southern Spain's Costa dei Sol coast that had left the holiday area without drinking water for more

than 12 hours. The fire destroyed more than 250 hectures (625 acres) of

Pilots at the Norwegian shine Branthens SAFE struck Friday for

possible settlement of the case of an expelled labor activist by saying be might be allowed to return if he "repents." In China's first official comment on the expulsion two weeks ago of

believe that the U.S. quick reaction initially ordered American troops Continued from Page 1 to Somelia in December to ensure forces can come back." the delivery of food and aid, the He added that the support force

weapons nut of the hands of the

• Third, there must be credible

perform the support functions for When these three conditions

the United Nations. (AP, NYT) A Model for Involvement Eric Schmitt of the New York

> After consulting this week with Secretary of State Warren M. Christopher and Mr. Clinton's na-

harvesting bumper crops. "There is a concern that the focus on the situation in south Mogadishu has given a skewed view of the overall situation in Somalia." a State Department official said. But critics in Congress have

most important question is, why are they there? The naysavers range from the

House Armed Services Committee. "I understand the desire of the

president to maintain a U.S. comduction of 400 army Rangers as forces in bilateral conflict with factions in Mogadishu, rather than as part of a multinational solution to

When President George Bush

SACHELORS - MASTERS - DOCTORATE Altendence Remired (310) 471-0306

Now Doctors Can Get Legal History, Too Doctors in the United States will soon be offered a computerized service that for \$80 a month will tell them whether a prospec-

"screen new patients you think might be 'malpractice-prone.' Such records have always been public, but until the advent of computers it was extremely cumbersome to find them.

Some doctors and consumer advocates are concerned that such a service might do more harm than good, smearing individuals who had filed claims in

good faith and creating an in-

creasingly hostile relationship between doctors and patients. This fosters an adversarial relatiouship," said Dr. Lonnie Bristow, a California internist who is chairman of the American Medical Association. "If you view every patient as a potential litigant, you're documed before you start. I think most doctors realize that the only real protection against litigation is a good

Short Takes

doctor-patient relationship.

mittee, the building is being up-graded to a community hall and study center. And the state of

vanety stores have McDonald's

restaurants. Similar linkups in clude Kmart with Little Caesar's pizza chain and Bradlees with Pizza Hut. Kmart has become Little Caesar's largest franchise But McDonald's outlets in Wal-Mart stores are usually operated as branches of the nearest Mo-Donald's franchise. This keeps the franchisee from getting a case of heartburn over the set up of a rival franchise in the same neighborhood.

After surveying stock-market on the rumor, sell on the news costomer.

rates, offers these managerial techniques for bolding an effective team meeting: "Door slamming at the start and at the end is good," he says. "Inpping over the TV set is good," and at the end of the tirade, muttering is good. Muttering so they can't quite hear it," so the players cannot be sure whether he is mutter-

Ruling Party's Use of Power Stirs Up Singapore Before Vote The commission did approve the

By Michael Richardson

International Herald Tribune SINGAPORE -- Concern about the dominant role of the People's Action Party, which has ruled Singapore for 34 years, has emerged as a major issue in the country's first direct presidential election Satur-

"The real choice facing Singa-poreans comes down in opting between a farmer politician closely affiliated with the government, and someone without any party links." the newspaper the Business Times said Friday in an editorial.

ft said the election was important because the winner would have the authority in provide "a crucial check" against profligate government and abuse of power.

A government commission last week disqualified the naly two figures from the apposition who had applied to run, saying that they bad failed to meet stringent requirements of integrity, experience and

Bomb Wounds 2 Estonians

Reuters

TALLINN, Estonia - A bomb in central Tallinn wounded two people and damaged the main ticket office of Estonia's national airline and a nearby U.S.-funded business center, the police said an Friday. The attack Thursday was the first such incident in the former Soviet republic in recent times.

AMSTERDAM

FRENCH RIVIERA

MADRID

MUNICH

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SAINT JOSEPH'S CHURCH (Roman Catholic). Masses Saturday Eventing 6:30 p.m., Sunday, 9:45, 11:00, 12:15 and 6:30 p.m. 50, avenue Hoche, Paris 8h. Tel:4227:26:56. Metro: Charles de Gaula -

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MISSION, beated at St. Anton Church, Miser-vectrance 53, near Kreutopiatz, Sunday Mass at 11:15 a.m. Tel: 01-382-02-05.

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ST. PAUL INTERNATIONAL LUTPERAN CHURCH, near lidabashi Sin. Tel.: 3261-3740. Worthip Servos: 930 a.m. Sundays.

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OF EUROPE (Anglican)

FLORENCE

ST JAMES CHURCH, Sun. 9 a.m. Ree I & 11 a.m. Rate II. Via Bernardo Rucellat 9, 50123, Florence, Italy, Tel: 39:55 29:44 17.

FRANKFURT

CHURCH OF CHRIST THE KING (EpsopalAnglean) Sun, Holy Communon 9 & 11 gm. Sunday School and Nursey 10:45 am. Seboster Brus St. 22, 60:23 Frankfut, Gerna-ny, U1, 2-3 Migust-Alice, Tel: 4969:55 01 64.

GENEVA

ENGLANUEL CHURCH, 1st, 3rd & 5th Sun, 10 a m. Euchanst & 2nd & 4th Sun, Morning Prayer, 3 na de Morahoux, 1231 Geneva, Swit-zerland, Tel.; 41/22 736 63 01.

THE CHURCH OF THE ASCENSION, Sur 11 45 a.m. Scylopfishespe 4, 8000 Munch 90, Germany Tel: 49/69 811 55/20.

THE AMERICAN CATHEDRAL OF THE HOLLY TRINITY, Sun. 9 & 11 am. 10 am. Sun-

candidacies of Ong Teng Cheong, who resigned as deputy prime min-ister to run for president, and Chua Kim Yeow, a former government accountant-general and banker. The candidacy of Mr. Chua, who

says he was persuaded by a cabinet member and a former minister to run, was viewed by some political analysts as a government-sponsored attempt to give the election

In his final television campaign speech, however, Mr. Chua, 67, presented himself as a nonparty candidate whn stood firmly for the principle of checks and balances. He made it clear that he was

seeking support from voters who wanted in "avoid an overconcentration of power" in the ruling party, known by its initials as the PAP. The party has won every election since 1959 and hulds all but 4 of the ôl seats in Parliament The absence of an effective op-

positinn in our Parliament has got many thinking people worried." The ruling party, be added, dom-

to dominate the presidency as

well?" he asked. Mr. Ong. 57, resigned from the People's Action Party to meet the requirement that the president toot be a party member. But he remains secretary-general of the pro-government National Trades Union Congress, the island's only labor

In his final campaign broadcast. Mr. Ong, who is expected in win, denied that his long association with the ruling party would stop him from acting independently as an elected president.

He said that his political and union background had helped him understand bnw Singaporeans think and how Singapore works.

The term of the current president, Wee Kim Wee, expires Wednesday, Mr. Wee, 71, a former diplomat and journalist, was appointed by Parliament in 1985. He and his predecessors in the office have performed a largely ceremonial role. They were abliged by the constitution in act on the advice of the government nn most matters of

Under a constitutional change approved by the legislature in 1991. the elected president will have wid-He can veto government spend-

ing of Singapore's financial reserves, which amount to more than \$43 billion, among the highest in the world.

Since 1959, the island-state has inates both the government and the overcome serious problems of poverty, unemployment and racial and religious conflict to emerge as one nf the most prosperous and orderly states in Asia.

> The new president can also block appointments of key officials and ensure proper use by the government of its legal power to detain people without trial to maintain national security and religious har-



intent was to withdraw the forces

after several months and turn the

nation-building effort over to the

It has not worked out that neatly.

Despite the presence of nearly 25,000 forces under UN comme

in Somalia, including 4,000 Ameri-

can logistics troops, the United Na-

tions still relies on the American-

led quick-response soldiers, and

now the Rangers, as the troops of

last resort to help quell General Mohammed Farrah Aidid's disrup-

American commanders, who in

other recent conflicts have ful-

lowed the doctrine of decisive and

overwhelming force championed by General Colin L. Powell, the

Staff, now face a more ambiguous

"This is a really a typical post-Cold War security problem," Gen-eral Merrill A. McPeak, the air

force chief of staff, said in an inter-

view. "It's messy, it's ambiguous,

and there's not a common agree-

AMERICAN

TOPICS

ment on goals or threats."

simmen of the Joint Chiefs of

United Nations.

KNEE-DEEP IN TOKYO — Heavy slogging for pedestrians Friday as a typhoon damped torrents. The storm, designated Version, caused at least 3 injuries and 27 landslides, and flooded more than 800 bomes in 9 prefectures. At the airport, 57 international flights were delayed and 4 canceled.

could be reduced when security

large-scale hiring of civilians to

ASPIN: Explaining America's Rationale in Somalia

had improved enough to enable the

police forces in the major population centers.

are met," the secretary said, "then I

tional security adviser, W. Anthony Lake, Mr. Aspin was to describe a policy framework for Somalia that could in a general sense, be used as a model for American involvement in other peacekeeping operations.

The focus on Somalia has been too narrow and too military," an administration official said.

Other officials said Mr. Aspin would try to shift attention away from the violence in Mosadishu to what administration and UN officials say is a success story in the rest of southern Somalia, where chaos has abated and farmers are

many questions. Influential Demo-crats and Republicans are wondering how long American troops will remain in Somalia and how much the effort will cost. Perhaps the

Senate Republican leader, Bob Doie of Kansas, to Representative Ronald V. Dellums, Democrat of California, a liberal who heads the

itment and presence in the Unit ed Nations operation in Somalia, Mr. Dellums said this week. "However, I am concerned that the intropart of that protection strateg may appear more to place the U.S. end the vinlence against UN LOODS

UNIVERSITY DEGREE

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ST. PAUL'S WITHIN THE WALL, Sun. 8:30 a.m. Rite I, 10:30 a.m. Rite II, 1 p.m. Spenish Euchantz. Via Napoli 58, 00184 Rome, Italy. Tel 100:274 20:20 CROSSROADS INTERNATIONAL CHUR-CH Interdenomenational & Evengelical Sun-day Service 10:30 a.m. / Kids Welcome. De Cuserstreat S, S. Amsterdam Info. 02940-

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THE INTERNATIONAL BAPTIST CHURCH OF BONVIKOLN, Rherau Stresse 9, Köhn Worship 1:00 p.m. Calvin Hogue, Pastor. Tel: (02239) 47021.

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BUCHAREST INTERNATIONAL BAPTIST CHURCH. Strata Pope Ricsy 22, 200 p.m. Cortacl Bill Richardson, Tel 010-91-51.

RUDAPEST Internetional Baptist Fellowship. Il Birnbo u. 56 (man entures Tepotesany). Il Bimbo u. 56 behind host entance). 10:30 Bibe study, 600 p.m. Pastor Ben Hadfeld, Tet.: 1158759 & 1156116.

Reached by bus 11. BULGARIA

INTERNATIONAL BAPTIST CHURCH. Scia Grand Narodno Schrone Square. Wor-etup 11:00. James Duke, Pastor. Tel: 704367.

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emmanue. Barrist Church, 56 rue des Bors-Rasins, Ruel-Mahmason. An Evergeical druch for the English speeding community located in the western subutos. S.S. 945, Worshor, 1045, Orden's Church and Nursey, Youth manages Dr. B.C. Thomas, pastor, Call. 47,51,29,63 or 47,49,1529 for information. INTERNATIONAL BAPTIST FELOVISHP. 630 p.m., 123 ev. du Maire. Mc Garl. Near

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tive patient has ever filed a medi-In late August 1776, in the key Things Are common of The Washington Post counsels its cai malpractice suit, The New Washington Post counsels its readers: Never buy a stock York Times reports. skirmish of the Battle of Long A STATE OF THE PARTY OF Courtscan Services of Green-Island, 290 Marylanders were upon reading good news about the company's performance. Bewich. Connecticut, is starting the killed in a delaying action against British redcosts around a service in Philadelphia next cause by the time you get the stone farmhouse in what is now month and plans to expand it to official news, the professionals New York, Chicago, Houston, Los Angeles and Miami within six months. The company's pres-Brooklyn, enabling George will have already bid up the Washington's nutnumbered price. They know the rule: Buy army to escape across the East River to Manhattan, to fight an-The second ident, William J. Benedict Jr. other day. "This was America's Dunkirk," says John Mair, a member of the Battle of Long And, being experts who deal all day with fellow experts, they are said he plans to offer a similar service to employers, landlords, much more likely to hear plansiinsurers and others who may be ble rumors than the ordinary Island Memorial Committee leary of litigation. Today, the farmhouse is a public Courtscan will offer "comlavatory maintained by the New plete litigation histories of na-Steve Blass, a former pitcher York City parks department. At the behest of the menorial comwith baseball's Pittsburgh Pitients in 60 seconds or less," Mr. Benedict said, so doctors can

Maryland plans to build a monument n the site. Wal-Mart, the biggest U.S. re-tailer, and McDonald's, the biggest fast-food chain, are experimenting with joining forces. So far, 25 of Wal-Mart's 2,000-phis ing about one of them.

Arthur Highee

STATESIDE / TARGET ENHANCES

Trade Pact Prompting Republican Warfare

WASHINGTON—The tangled politics of the North American Free Trade Agreement have become examined in Republican Party politics, as the conservative columnist and former presidential aspi-rant Patrick J. Buchanan denounced two fellow Republicans who support the agreement and who are seen as from runners for the party's presidential nomination in 1996.

Mr. Buchanan, a hard-line rightist who offered an unexpectedly

strong challenge to President George Bush last year, amounced that he would form a group to distribute essays and other criticism of the pact. Mr. Buchanan assailed the recently completed labor and environmental side agreements, condemning them as infringements on American sovereignty and unnecessary foreign aid for the Mexi-

can government.
While criticism of the free trade agreement by labor and environmental groups has attracted more public attention, conservative criticism worries the Clinton administration, too, because it is counting on overwhelming Republican support to win congressional approval of the deal. Among the Democratic majorities in the Scnate and especially in the House, there is substantial opposition to

mproval of the treaty.

Mr. Buchanan accused the two other Republicans, Jack F. Kemp, secretary of housing and urban development in the Bush administration, and Senator Bob Dole of Kansas, the minority leader, of betraying conservative ideals by siding with Mr. Clinton in sapport-

ing the trade agreement.

The accord would gradually eliminate import tariffs and other barriers among Canada, Mexico and the United States. The side agreements would create three-nation secretarists in an effort to make sure that each country enforced its labor and environmental laws. Mr. Buchanan condemned these bodies as an unwarranted intrusion on American liberty. (NYT)

One Little Tax Clause Qives Lobbylsts Pause

WASHINGTON - The ink is still fresh on that \$500 billion package of tax increases and spending cuts that Congress enacted three weeks ago, but this city's restless lobbying corps is already in

thigh dudgeon over one clause in it.

The lobbyists are forming new business coalitions, and dusting off old ones, to seek its quick repeal on Capitol Hill. They are churning out position papers and staging seminars that explore its legal intricacies and scout its loopholes.

They are bemoaning — oh, are they bemoaning — the financial burdens, the limitless red tape and even the constitutional transgressions of "this misguided legislation." There are mutterings about a

"It's a nuisance," George Webster, a Washington lawyer and lobbyist, said of the clause.

The reason for all the hubbub is what the clause does: It eliminates

the tax-deductibility of lobbying expenses, more or less, for many,

but not all, taxpayers.

The lobbyists could have fared worse. The Senate wanted a far the lobbyists could have fared worse. The Senate wanted a far stricter and more encompassing ban on tax deductions for lobbying than the House did. Most lobbyists saw the whole issue as such a political tarbaby that they sat out the debate, fingers crossed. (NYT)

Quote/Unquote

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President Bill Clinton, asked when he planned to return to Washington from vacation on Martha's Vineyard; "As late as

Choice for Joint Chiefs Is Son of Nazi Officer

The Associated Press years old when the war ended. The WASHINGTON — The father family came to America in 1952 of General John M. Shaikashyili, after the father obtained an affida-President Bill Clinton's choice as vit from a relative that he had not the nation's top military command; had any affiliation or collaboration er, served as an officer in the Waf-with the Nazis. cording to documents found by the whether the White House knew the Simon Wiesenthal Center in Los full details of Dimitri Shalikashvi-Angeles.

The late Dimitri Shalikashvili appears to have collaborated with the Nazis almost from the start of the war, apparently in the belief commander of NATO forces, that only by joining the Germans could he help free his native Georgian for the German father served in the Ge gia from the Communist rule of the

writings found by the center.

A White House spokeswoman, Ricki Seldman, said, "His record Wiesenthal Center, which hunts stands on its own and his father's down Nazi war criminals, said it history is not relevant."

Dimitri Shalikashvill and Dimitri Shalikashvill and the stands on the stands on

appointment as chairman of the foint Chiefs of Staff. We don't think he should be judged on the basis of what his father did."

working for the CIA.

Away From Politics

working for the CIA.

• A broken translator in a small but crucial clock about the Mars.

Observer may have doorned the first U.S. mission to Mars in 17

• A prominent tear lawyer was indicted in Marietta, Georgia, on charges of arranging the killing of his wife, who was shot in the head in November as their two young sons looked on. The lawyer, Frederic Tokars, 40, who was arrested in Florida, was accused in state and federal indictments of being behind the shonoton and slaying of his wife, Sara, on Nov. 29, 1992.

An II-year-old girl in Seiliyan County, New York, who died of rables on July 11 was infected by a strain of pat rables, and not by a strain that originated among raccoons. New York state health officials said.

• Funes from a chemical plant explosion in Eyria. Ohio, forced the evacuation of about 5,000 people, authorities said. More than 40 were treated for breathing difficulties or other minor problems.

h's wartime service when President Clinton decided to nominate Gen-cral Shalikashvili as chairman of the Joint Chiefs. He is currently

father served in the German Army," said an administration offi-

the Hoover Institution at Stanford and become a high-renking officer university.

Rabbi Marvin Hier, director of the center, said: "We are not opposed to General Shalikashvills that instance by the Germans and taken prisoner by the Germans and In his amobiography, the elder. Shalikashvili wrote of briefly being taken prisoner by the Germans and then released.

· He remained in Warsaw with his think he should be judged on the wile, who came from a wealthy But Rabbi Hier said he was in terested in disclosing and investigating how General Shalikashvill's style in the midst of the war a father was able to enter the United fact that, along with other descriptions with the New control of the war and the West of the war and the war and the war and the war and the war of the wa e Waffen SS. collaborating with the Nazi cocapi-General Shalikashvili was 9 ers of Poland, Rabbi Hier said.

It was not immediately clear

"It was certainly known that his

confederation of extremists operating in the New York area are charged, in varying combinations, with the Feb. 26 bombing of the Prosecutors also developed evicharged, in varying combinations, with the Feb. 26 bombing of the World Trade Center, a plot to as-sastinate President Hoem Mubarak of Egypt, a plot to blow up the United Nations and other New

York City buildings, and the 1990 killing of a militant Zionist, Rabbi Meir Kahane. The suspects are an ad hoc group of religious zealots with allegiance to the sheikh.

Much of the government's case against Sheikh Adbel Rahman will depend heavity on an accumulation of circumstantial evidence and on whether prosecutors can convince a jury that vague comments, some in indicated invites the question of jury that vague comments, some in indicted invites the question of religious language, were actually "Why isn't Mister Big on trial specific orders. Prosecutors main-here?"



U.S. marshals escorting Sheikh Omar Abdel Rahman to a helicopter in New York after his arraignment in federal court. He has been held in an upstate New York jail since July 2.

The Case Against the Sheikh **Prosecution Evidence Largely Circumstantial**

presided over a meeting in which he discussed whether an informer was

trying to thwart a plot to assassi-

with the international investigative

firm of Kroll Associates, said con-

spiracy cases such as this often

informer. The tapes contained con-versations of the informer with the

sheikh and with Siddig Ibrahim

dence against Sheikh Abdel Rah-

man by re-evaluating previous criminal cases involving some of his followers, particularly the trial of El Sayyid Nosair, who was ac-

By Pierre Thomas and Lynne Duke Washington Post Service

WASHINGTON - Justice Department officials plan to prose-cute Sheikh Omar Abdel Rahman as they would a Mafia don to prove that his role as a Muslim spiritnal leader included providing not only religious sanction for terrorist acts but also acqual directives.

Like an organized crime prose-cution, in which a boss seldom may be linked to specific crimes, the prosecution will try to portray Sheikh Abdel Rahman as a leader who rarely dirtied his hands with direct involvement in conspiracies executed by followers. But with skillful detachment, the blind Egyptian cleric helped shape a ter-rorist enterprise spawned from his belief that the Egyptian govern-ment is illegitimate and its U.S. ally morally wrong in supporting it, law enforcement sources and Middle

East experts say. The government will enter new territory in prosecuting a group that is similar to traditional criminal enterprises, but is also radically different, sources said.

"A terrorist organization fits nicely into the organized crime came down to the issue of "intellec-construct in that you have a lower tual anthorship as opposed to physconstruct in that you have a lower chelon of actors carrying out the nitty-gritty, messy work such as

"The evidence emerged over time nitty-gritty, messy work such as making bombe, acquiring emplosive materials and recruiting new members," said Victoria Toensing, a former deputy assistant attorney

The sheikh and 21 other men in a

tain that some of the sheikh's com-ments, tape-recorded by a govern-broad conspiracy of sedition in ment informer, are beyond dispute. which Sheikh Abdel Rahman and tain that some of the sheikh's com-But defense attorneys plan to at- 14 others are charged with consoirtack what they call the vagueness of ing "to levy a war of urban terror-such statements. The indictment, ism against the United States, to

for example, says that Sheikh Abd-oppose by force the authority of the el Rahman "told a person known to the grand jury that while the bomb-ing of the United Nations would the United States." not be impermissible, it should not according to the indictment. be done at this time." But according to published ac- rarely used sedition law, the govcounts of the transcript of that conversation, the term "bombing" was
more people "conspired to overnot used, said Ronald L. Kuby, a throw, put down or destroy" the government or "hy force to seize, take or possess" U.S. property.

Among the other specific allegahanning the other specific ancepa-tions concerning the sheikh are that be instructed the informer to "pro-ceed cautiously" with the plan to bomb a federal office building and "look for a plan to bomb the Unit-The conspirators' decision, as presented in the indictment, to blow up a federal building in New York City and and kill FBf agents provided a building block for a charge of seditious conspiracy. The indictment also says that he

SDI Official Admits Making Missile in Test Easier to Hit By Tim Weiner

وي امن المراحل

New York Times Service

WASHINGTON — A retired general who helped oversee a disputed 1984 "star wars" test says the target missile was artificially beated to make it an easier

target for a heat-seeking interceptor missile to hit.

But the retired army major general, Eugeoe Fox, theo the deputy program manager for the test, denies that the test was rigged. He also denies that Congress was misled about the experiment, in which the interceptor missile hit the target over the Pacific.

The experiment was a crucial technological milestone for the fledgling missile-defense program, which has been under attack by scientists and skeptics since its inception in 1983.

The goal of the \$30 billion Strategic Defense Initiative, the "star wars" program, was to build systems that could shoot down an enemy's intercontinental hallistic missiles. After 10 years, it produced bule in the way of a working system, although its defenders say it contributed significantly to the downfall of the Soviet Union by accelerating Soviet military spending

and thus damaging the Soviet economy.

In May, Defense Secretary Les Aspin announced "the end of the "star wars" era" and a scaling-back of

the missile-defense program. At the time of the 1984 test. Pentagon officials said it was proof that a missile could hit another missile in mid-flight Former Defense Secretary Caspar W. Weioberger said in a written response to questions on the subject that the test had been intended to be "as

realistic as possible. But Mr. Fox said in an interview that the artificial heating made the target 10 times more visible to a sensor oo the interceptor than an actual Soviet warhead would have been. He cited an openly published report to Congress in 1988 on the test by the Office of Technology Assessment, an analytical branch of

Congress.

"Clearly, we heated it because we wanted to see it."

he said. "People can argue about that, and that's fair,

he said. "People can argue about that, and that's fair, That didn't mean that we were trying to cheat. In the entire concept of this test, people could fault us. My point is what we did was a normal test event." He said he was unsure whether the heating was disclosed to

Coogress in 1984. Mr. Fox said an explosive charge had also been placed on the target missile. "We put a charge on it so that if we just bappened to nip it, we could see it." he said, adding: "It looked like a nuclear explosion."

John Pike, director of space policy at the Federation of American Scientists and a critic of the missiledefense program, said the general's description made it appear that "the test was rigged at least two different

He added, "The debate is now oot whether the test was rigged, but bow it was rigged."

Veterans of the missile-defense program who brought their test-rigging assertions to congressional investigators this summer said the 1984 test was manipulated when the target missile was equipped with electronic devices that belped the interceptor locate and destroy it. Mr. Fox said he knew of oo such device. These officials also said the manipulation of SDI

tests was part of a deception campaign, intended to fool the Soviet Union, that overstepped its bounds and wound up misleading Coogress about the progress of the missile-defense program.

The assertions outraged senior members of the Reagan administration, who saw the accusations as a partisan political attack by Democrats in Congress.

Mr. Weinberger called the assertions fairy tales. He said oothing had been done to deceive Coogress or the Soviets about the program or the disputed test. He also said that comments he made last week about the frequent use of deception programs by the Pentagoo had oot been meant to confirm the existence of any deception program connected with SDI or to suggest that the disputed test had been deceptive.

"The test was not enhanced in any way," Mr. Weinberger said in his written response. "Various

Weinberger said in his written response. aspects of the test were designed to make it as realistic as possible given the fact that obviously an actual Soviet re-entry vehicle could not be used to test our

The charges, brought to Senator David H. Pryor, Democrat of Arkansas, a critic of SDI contracting practices, led Defense Secretary Les Aspin to order an investigation last week. On Wednesday, Deputy De-

'Clearly, we heated it because we wanted to see it. People can argue about that, and that's fair. That didn't mean that we were trying to cheat.'

Eugene Fox, deputy program manager for the test.

fense Secretary William J. Perry asked his staff to write a report in time for him to "resolve the issue in the next two weeks," a Pentagon official said.

Last year, the General Accounting Office, the inves-ogative arm of Congress, audited seven SDI tests conducted between 1990 and 1992. The auditors found that three of the tests had been accurately described to Congress.

Those three tests were complete or partial failures. SDI officials told Coogress that the other four tests had been successes. That was untrue, the auditors said.

The inaccurate claims involved the success rates of experiments, the progress of the programs, the sophis-tication of the tests, the ability of interceptor missiles to distinguish between a target and a decoy and the missiles' achievement of accuracy and altitude goals, the auditors reported.

They have lied about certain functions that their missiles are supposed to perform," said a federal investigator. "They've used things to enhance the target. The fact is that you've got something up there solving your guidance problem. And you've got an incentive to deceive. That's how you keep your pro-A former Reagan administration official, a nuclear

physicist who closely studied the missile-defense program in the 1980s, said it had been characterized by "secrecy, greed, self-deception, deception of the Coo-gress and actually even of the president."

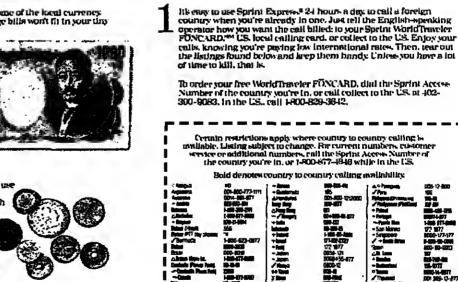
Other Reagan administration officials and Pentagon documents confirm the existence of deception plans attached to SDI.

An April 1987 Joint Chiefs of Staff memorandum entitled "Special Plans Guidance — Strategic Defense," says the Pentagon should improve and update deception plans covering the missile-defense program's cost and abilities.

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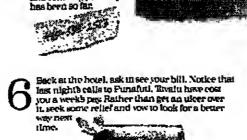
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Dining Valley Out • A retired KGB officer who dealt with Lee Harvey Oswald in Mexico City said he would disclose startling details about President John F. Kennedy's assassin in a book to be published in November. Oleg Nechiporenko ridiculed a newly released account of possible Soviet involvement in the 1963 assassination written by a KGB defector marking for the CIA. **ANDROUET Restourant** COTE SEINE Come and discover one of the most original restaurants in Fork. Since 1909, Androuël has been effecting one of the largest selections of cheeses and other gostronomic specialities. From 1.75 F. Closed sunday, 41, ros d'Ansterdom, T. 48.74.26.93 & 90.

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By Bill Keller

New York Times Service JOHANNESBURG - It was still daylight when Amy Elizabeth Biehl steered her old orange Mazda with the peace sticker on the bumper into the black township of Guguletu. She knew the place and its

people well, or thought she did. Her work as a Fulbright scholar was finished, her bags packed for a flight home to California, and now she was driving three black friends home for the last time. At her farewell party three days before, she had switched easily between Eng"Kill the settler!" they chased her deaths racked up in South Africa's many young blacks the idea of a was stabbed in the hand trying to deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a deaths racked up in South Africa's many young blacks the idea of a

That's how much she fitted in her head until she died. here," said Melanie Jacobs, the another white person.

And yet the 26-year-old scholar was exactly that to the furious mob of young Guguletu men who stopped the Mazda with a brick through the windshield. Yelling

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and danced the phantsula, a sort of sanctuary of a filling station and, as she pleaded for mercy, stabbed at

The death on Wednesday night black woman who shared a house of Miss Biehl, believed to be the with Miss Biehl in Cape Town. first American killed in South Afri-"She loved Africa. She wasn't just ca's relentless political violence. stunned her friends and horrifted South Africa's large American population, much of it, like Miss Biehl, devoted to hastening South African

democracy.
But unlike so many of the daily

and blame are matters of conjecture, Miss Biehl's was remarkably ummysterious.

She was killed, her roommate said mournfully, "because she was

The police have arrested two teenage suspects, student members of a militant black nationalist group, the Pan-Africanist Conwhose slogan is "One settler, one bullet," Mainstream black leaders deplore the slogan, but for

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for frustration and resentment. In recent months, many young

blacks have applauded sporadic massacres of whites at church, at play, and at home, all rationalized as a sample of what blacks endure. The hatred makes no distinction between oppressors and idealists,

settlers and foreigners. Tsietsi Telite, chairman of the Pan-Africanist student wing, cooly accepted the killing, telling report-ets on Thursday: "Given the situation on the ground, the youths and students are so angry and frustrated that when they see someone who they identify with the dispossessing classes, anything can happen, and could happen again."

More than 10,000 Americans live

in South Africa. Scores, perhaps hundreds, have been drawn to the townships as scholars, voter-education aides and relief workers.

Miss Biehl, a 1989 graduate of Stanford University, came first in 1991 to work on voter education, her roommate said. She returned 10 months ago to study the status of women in South Africa, and was soon absorbed in volunteer pro-

"She was to be found in the townships almost every day or night," said Dullah Omar, director of the Community Law Center at the University of the Western Cape, where Miss Biehl helped with legal research for the African National Congress.

The townships of the Cape are oot famous for their violence, in part because there are compara-tively few followers of the Zulubased Inkatha Freedom Party. which has been a protagonist in township warfare elsewhere. But the Cape townships have a strong Pan-Africanist following and a low tolerance for dissenting views.

This week, the townships have been restive because of a nationwide strike by black teachers that has sharply divided blacks and left youngsters with oothing to do.

Singiswa Bevu, one of the wom-en Miss Biehl was driving home, said scores of young men converged on the car, first chanting together as people," she said, "and Pan-Africanist slogans, then bom-

Some Americans said Miss

Biehl's killing, however extraordi-oary, would damp the enthusiasm of American volunteers. "If I were an American thinking

about coming over here now, I'd be baving second thoughts," said a woman who monitors corporate social programs in black communi-But another American woman

who works daily in a black town-ship adjoining Johannesburg said: "I don't feel any more threatened than I ever have. It's very racist to think that my life is worth any more than anyone else's." lo Cape Town, the killing of the

popular scholar has stirred a black backlash against the militant groups that stoke hatred for whites. The African National Congress offered its township network to help identify the killers. Friends and colleagues, after memorializing Miss Biehl with freedom hymns and African laments, paraded through Guguletu with placards declaring: "Comrades Come in All

A Senseless Act.

Robert Reinhold of The New York Times reported from Los Angeles: To Amy Biebl's relatives, friends, and teachers in California. her death was an act of stupefying

"She had been all over Africa," said Kennell A. Jackson, an associate professor of history at Stanford University, where he super-vised her senior thesis. "She knew all these people. She knew what dance to do in Zimbabwe. If that mob had five minutes to talk to her, they would have had a totally different impression. This is what the word tragedy means."

"It is probable that people will try to make a political and racial issue out of this and we regret that, as Amy would," said her father, Peter Biehl, 50, a packaging company executive.

Her mother, Linda Biehl, a dopartment store manager, agreed. "Amy's wish was that we all work

Nigerian Contender, Defies New Rulers

Mr. Abjola vowing in London on Friday that he will go home.

By Kenneth B. Noble New York Times Service

LAGOS - Moshood K.O. Abiola, who is widely believed to have won Nigeria's annolled presidential elections in June, said Friday that he intended to form a new government when he returns to his nation next week

Speaking at a news conference in London, Mr. Abiola dismissed the interim administration installed Thursday by the outgoing military leader, General Ibrahim Babangida, as an attempt to continue his rule by "subterfuge."

"I reject it in toto," he said of the 32-member interim government. most of whom are either close friends or longtime political allies of the former military ruler.

Mr. Abiola said the appointment of the group was a "nonevent" be-cause it represents only "Baban-gida and his small clique."

Among the main tasks of the interim government is to organize new elections to be held early next

Responding to Mr. Abiola's remarks, Clement Akpamgbo, the justice minister in the interim administration, said that any attempt by Mr. Abiola to form an alterna-20vernment

Nonetheless, Mr. Abiola's overnot shrink from direct confrontation, and Nigerian political scientists and foreign diplomats predicted that his return could pose a serious threat to the legitimacy of the new interim government.

Asked whether he would be willing to meet with Ernest Shonekan who is General Babangida's handpicked successor as the new head of state, Mr. Abiola added that he would be prepared to hold talks with anybody interested in forming "a real government,"

Mr. Abiola and other opposition leaders portray Mr. Shonekan as an a extension of the unpopular General Bahangida and have tried to link him to corruption scandals swirling around the military government.

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The effectiveness of this tactic is debatable.

While many Nigerians say they are disgusted with high-level corruption, they seem reluctant to lay blame on Mr. Shonekan, who only joined the administration in Janu-

Mr. Abiola, who left Nigeria on Aug. 3, said he had remained abroad because it was more effecthe international news media.

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South Africa Drops the Draft

JOHANNESBURG — The South African military has announced the end of compulsory service for whites, formally abolishing a ritual of apartheid manhood that in recent years has been widely ignored. Kobic Coetsee, the minister of defense, said in a statement that the next white draft, in January, would be canceled and conscription of whites

country. Negotiators working out the shape of the future South African sys

The announcement had been expected, and seemed inevitable, since after elections scheduled for April whites will oo longer be running the

would give way to a volunteer army open to all races.

have not yet settled on details of the new army.

US trade conflicts - with China

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Bosnia Rivals Face Moment of Truth On Ethnic Partition

By Chuck Sudetic SARAJEVO, Bosnia-Herzegovina — Members of Bosnia-Herzego vina's parliament on Friday overwhelmngly advocated rejecting a
United Nations peace plan unless
Is formerly Muslim-majority districts
are joined to a proposed Muslimdominated Bosman republic.

The peace plan, draws up in Geneva, would reorganize Bosnia into a loose "union" of Serbian, Cro-atian and predominantly Mushim

In the eyes of most Bosnians, however, the plair would reward the Serbs for "ethnic cleansing." create a landlocked Muslim-dom nated country with griss economic prospects, and pave the way for crasing Bosnia-Herzegovina from the map of Europe and linking the Serbian and Croatian republics with Serbia and Croatia.

Only one of the speakers at the Bosnian parliament meeting on Friday gave unambiguous support

for the peace proposal.

"The document we have in front of us is not an agreement but an ultimatum from the strong to the weak," said Iyan Strans, an archi-tect. "I tell you personally to sign this ultimatum because it will end the war." The parliament is schedtiled to vote Saturday.

This weekend in the Serbian stronghold at Pale, the self-declared Bosnian Serbian parliament is expected to accept the plan de-spite the requirement that the Serbs roll back from part of the 70 percent of Bosnian territory they have main an internationally recognized

The self-styled Bosnian Croatian parliament is scheduled to meet Saturday in the town of Grude, Miro Lasic, a Croatian member of Bosma's collective presidency, said no vote by the Bosman parliament would be binding on the country's

The Bosaian presidency oussed the country's prime minister, Mile Atmackic, a Croat, on Friday after the Croation Democratic Union withdrew its representatives from the parliament.

Radovan Karadzic, leader of the Bosnian Serbs, threatened earlier in the week that the Serbs would press on militarily unless the Bosnian parliament accepted the peace

Speaking to the Bosnian parliament and several hundred academics, writers, army officers and other public figures invited to participate in Friday's debate, President Alija Izethegovic, said the UN peace plan could be used as a basis for further discussion but could not be accepted because it rewards the Bosnian Serbs with at least eight districts that had Muslim majority populations before the Serbian mitia drove them out last year.

"We are experiencing great hardship," said Mr. Izetbegovic, who is scheduled to return to negotiations on the peace plan in Geneva start-ing Ang 30. "But this is no time for

Mr. Izetbegovic called for an Adriatic Sea outlet, and for guarantees that the proposed Union of Bosnia and Herzegovina would re-



A Sarajevo youngster taking advantage of a wrecked car to use as a ramp for skateboarding.

DEPLOY: NATO's Plans for Peacekeeping in Bosnia Envision a Force of 50,000 Soldiers

Continued from Page 1:

want to wait too long to judge the effectiveness of any accord, learning that Serbian forces might take advantage of the delay to resume their attacks. Washington thus expects a phased insertion of NATO troops area by area in Bosnia as the Serbs withdraw.

The bulk of the planning is taking place at the Naples headquarters of Admiral Jeremy M. Boorda, who commands allied forces in southern Europe. Admiral Boorda had something of a head start, having already commissioned detailed peacekeeping plans in anticipation of an earlier proposal, the so-called Vance-Owen peace plan, which would

effort through late June in anticipation that some military intervention might be needed, admiral told staff members to resume their yet to determine how many troops the new planning as negotiators reported progress in mission would require; several put the ball-the Geneva talks, a senior NATO officer park figure at 50,000.

"If NATO gets called opon to do the job," the officer said, "it just makes good sense to be ready to do it, because the planning is very

will send before publicly committing.

The plans rely heavily on the 1st Armored ty early in the mission.

omous cantons.

That proposal fell apart in May when the Serbs refused to sign, but Admiral Boorda ordered his staff to continue the planning effort through late home in authorized and somewhat smaller numbers of tables and activation of the earlier peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan, which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan which called for deployment of 25,000 to 30,000 U.S. troops out of a proposal fell apart in May when the peacekeeping plan which called for deployment of 25,000 to 30 added, however, that because Admiral Boor- officers said. The operation would also inda's staff received its copy of the Geneva volve a smaller number of Marines, who NATO sources said. Two weeks ago, the draft agreement only this week, planners had would deploy from amphibious warships

> In addition, Washington and its allies are NATO commander in Europe and scon-toplaying a game of who-goes-first, awaiting be chairman of the U.S. Joint Chiefs of Staff. indications of how many troops the others wanted to move in quickly and secure heavy will send before publicly committing.

Yeltsin's Budget Cut Loses, Endangering IMF Aid

By Lee Flockstader

It seems unlikely that the vote.

Washington Past Service

MosCOW—The Russian Part

ament took another slap at Presi

ament took another slap at Presi

and Boris N. Yeltsin on Friday,

The Shokhin said the government took another slap at Presi

the parliament regularly

Still, the tussle over the budget is dangerous for the government.

With monthly inflation running at around 20 percent and a higher rate around 20 percent and a higher ra dent Boris N. Yeltsin on Friday, rejecting his plan to slash the budget deficit and calling into question

future funding from the Interna-tional Monetary Fund. The anti-reform legislature, which includes many holdovers from Communist rule; easily overrode Mr. Yeltsin's veto of the budget it adopted last month. On a 151-to-3 vote, it backed a deficit of \$22 billion; more than double the

government's proposal and the is controlled by the parliament, but equivalent of 25 percent of the in fact it has not always done the gross national product.

attacks Mr. Yeltsin's proposals, only to be ignored or one-upped by knowledged Friday that he might simply veto the budget again on technical grounds.

Even if the parliament's budget stands, it could not be carried out unless Russia's central bank agreed to print more rubles to cover the coormous deficit. Legally, the bank legislators' bidding.

ment's budget could add to inflationary expectations. It could also endanger \$1.5 billion that Russia had hoped to receive from the IMF this year. IMF officials have made it clear that the

funding, designed to ease Russia's transition to capitalism, depends on Russia's economic performance. The parliament also voted to demand that the government dismiss

Finance Minister Boris G. Fyodorov, who is regarded as the key

tionary spiral "History and our people will not

forgive us if such a budget is approved," he said Friday, asking the was running out "and the situation proved," he said Friday, asking the is not the best." parliament to back down from approving such a high deficit. He added that the parliament's budget Ukraine Official Resigns would "demolish the financial sys-

ference that the IMF was worried

ment had hoped to receive a further IMF standby loan by Oct. 1.

But he acknowledged that time

Deputy Prime Minister Viktor Deputy Prime Minister Alexan-der N. Shokhin said at a news con-piloting Ukraine's economic changes, resigned Friday and said about Russia's economic situation conservatives were blocking the inproponent of economic reforms in but had not ruled out new funding, troduction of his plans, Reuters reported from Kiev.

Mr. Pynzenyk's resignation, amid a parliamentary debate on the country's political future, cast the former Soviet republic into deep

Nazi troops stole hundreds of thousands of art BERLIN - German politicians and others have works from areas of the Soviet Union that fell under their control. After the Nazi regime was defeated, stepped up a campaign to assert their claim to the occupying Soviet troops confiscated a roughly equivatreasure hoard from the ancient world that the Russians stole during World War II and announced this

lent number German-owned art works.

In an attempt to speed the return of these works.

Russia and Germany signed a treaty this year that affirms the rights of original owners. Neither side, "In terms of rights, it belongs in Berlin without a doubt," said Ulnch Roloff-Mornin, Berlin's culture however, believes that the other has revealed all it The treasure, believed by many to have belonged to knows about missing treasures.

Heinrich Schliemann, the amateur German archaeologist who discovered the treasure at the site of ancient Troy in Turkey in 1873, paid the Turkish sultan 50,000 gold francs for permission to take it away. He offered to build a museum in Athens to display it, but the Greek culture minister turned him down, reportedly saying, "Mr. Schliemann should collect his heads and leave us in peace."

it impossible for researchers to trace many lost Thus rejected, Mr. Schliemann brought the treasure to his native Germany, and in his will he left it to "the German people." It was oo display in Berlin for decades, and during World War II it was hidden in an Germans were alarmed by the remarks of Yevgeni Y. Sidorov. the Russian minister of culture, who said in an interview in this week's Literaturnaya Gazeta that the treasure "must be returned to display for the underground bunker. Soon after the Red Army capappreciation of mankind" and suggested that it be

tured Berlin, it disappeared.

Mr. Roloff-Momin said the city of Berlin and the
German government "will make every effort to assure Mr. Sidorov made no mention of Germany, which considers itself the legal owner of the treasure. Nor did that this treasure, which Schliemann left to 'the German people, is returned to its legal owners in Berlin."

A large headline in Bild, Germany's largest-circulathe Greek culture minister. Dora Bakoyannis, who announced at a news conference Thursday that Presitioo newspaper, demanded, "Mr. Yeltsin, Give the Trojan Treasure Back to Berlin!" dent Boris N. Yeltsin wanted the treasure to be dis-

"Quick clarification of this matter would prevent a disturbance of Russian-German relations and would Miss Bakoyannis said Greece had no claim on the treasure, but some Germans fear that the Athens exhibition could touch off a wave of sentimental be very welcome," the Berliner Morgenpost said in an

Berlin Awaits a Decisive September

JA Iliolis

Germans Want Treasure Back

Russian Plan to Display Artifacts Challenged

By Stephen Kinzer

played first in Athens.

week would be put on display.

King Priam of Troy, consists of thousands of finely

crafted items ranging from exquisite plates, goblets and vases to death masks, tools and spectacular rings,

bracelets, necklaces, breastplates, brooches and pins.

European collections during and after World War II

remains delicate. For decades. Cold War secrecy made

shown in "Greece. Turkey and other countries."

The question of who owns art that was looted from

New York Times Service BERLIN - A series of decisions to be made next month could change the face of Berlin for years

The city council is sebeduled to decide on Sept. 2 whether to cut off subsidies to the Schiller Theater, one of the city's best known, and to its principal state-sponsored arts center. Cutoffs would probably mean the closing of both.

Soon afterward, a panel of government officials and private spe-cialists is to decide whether to allow the reconstruction of the Stadtschloss, which was among the best-known galaces in Europe for

more than 200 years. On Sept. 23, the International Olympic Committee will announce whether the Olympic Games will be held here in the year 2000.

Berlin has grown dramatically in recent years, both geographically and psychologically. Before Ger-many was reunified in 1990. West Berlin was isolated from the rest of West Germany, and its 2 million inhabitants received a variety of subsidies to encourage them to stay. Today the city bas nearly 3.5 million residents and is widely considered the most important cross-

roads in Central Europe. The German parliament voted in 1991 to move the national capital from Bonn to Berlin, adding to Berliners' conviction that their city though it is still uncertain how quickly the government will actualy move, planning for construction of parliamentary and ministerial buildings is well under way.

Although chances for saving the Schiller Theater do not appear bright, there is some hope that the city council will turn down a proposal to shut the Academy of Art. a display and performance center that features work by Berlin playwrights, dancers and graphic artists. Some councilors have suggested that the academy become a work center for artists from Eastern Germany whose careers were stimted by political persecution.

92 Hebrew prophe

in Douar

Version

Central Europe. For generations, it was a central symbol of the city.

The Stadtschloss, in the former East Berlin, was heavily damaged by Allied bombing during World War II, but its facade stood until 1950. Then the Communist leader of East Germany, Walter Ulbricht, ordered it demolished, over the protests of architects and preserva-

> A group of citizens eager to rebuild the palace has erected a fullscale steel-and-plastic model on the site. The model bouses an exhibition about the palace's history, and many of the thousands of visitors leave persuaded that it should be

> There is strong opposition, bow-

zollern dynasty once ruled much of ever. Some critics say the project is Central Europe. For generations, it artificial, too expensive and dangerously nationalistic. The governent wants the site for the Foreign

> None of these issues, however, has attracted as much debate as the city's bid for the Olympic Games. Berlin's chance is clearly greater than it was a year ago." Juan

Antonio Samaranch, president of the International Olympic Committee, said recently. Mr. Samaranch was in Germany to attend the world track and field championships in Stuttgart, which be described as "the best of all world championships and a great help for Berlin's Olympic application."
Others bidders for the Olympics

in 2000 are Sydney, Beijing, Islan-bul and Manchester, England.

Bonn Says Neo-Nazi Gangs **Thrive Despite Crackdown**

Los Angeles Times Service BONN - Racist violence and membership in neo-Nazi gangs has hit a new high in Germany despite

a crackdown on the militant right, according to the government.

The number of attacks by mostly young rightist extremists increased by 74 percent last year, to 2,584, according to the Interior Ministry, and the upward trend is continu-

ing, with about 1,300 incidents recorded in the first six months of 1993, roughly twice as many as in comparable 1992 period. But public outrage over the arfaded considerably since the na-

tionwide protests and candlenght vigils last winter, after a firebombing left a Turkish grandmother and two young girls dead. Interior Minister Manfred Kanther warned against indifference. "Citizens must get into the

act here. You can't simply unload society's job on the politicians," be

Although the government Of greater interest to many Ber-liners is the fate of the Stadischloss, year, the number of extreme-right the palace from which the Hohen- groups rose by 6, to 82, and their

membership swelled by more than 5 percent, to 41,900. Of these, 6,400 are considered "militant."

The figures do not include militant neo-Nazis not linked to any group, the report said, nor do they count the 25,000 members claimed by the far-right political party, the Republicans.

Seventeen people died in rightist death toll since violence began to surge after German unification three years ago. Seven people have

been killed since January. Police say the killers generally

son, beatings and harassment has are male skinheads between age 16 and 30. More than 65 percent of violent rightist crime is committed by yonths of 20 and under.

Foreigners were the main target in 1992, but derenets, anarchists and the handicapped also fell vicum to such violence. Sixty-three Jewish memorials were vandalized. The government in the past bas linked the escalating violence and political tilt to the far right to postreunification disillusionment a worsening recession and an un-checked flood of economic refu-

gees, mainly from Eastern Europe.

Although offering few details, Is-racii officials leave little doubt that Bank over the next five years, while for the Foreign Ministry, but only in regard to specific PLO figures Israel retains ultimate control. The their forces would be significantly pulled back from Gaza. The proterritories' final status - matters

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MILAN — The first top legal figure to come under inquiry in Italy's graft scandal has been formally warned that he faces investi-

In Italy Scandal

Top Legal Figure

The notification was sent to Diego Curto, vice president of Milan's il court and head of its commercial division, by magistrates in the neighboring city of Brescia. Earlier this month the judge was officially listed as a suspect by Mi-lan magistrates in the Enimont in-

gation over alleged abuse of office, judicial sources said Friday.

quiry, the single biggest bailery case mader investigation. The Curto case was subsequently placed under the jurisdiction of magistrates in Brescia. The Supreme Magistrates' Council must now decide whether to suspend Mr. Curto as a precantionary measure.

Mr. Curto has accused Milan

strates, who are at the center of Italy's huge anti-graft drive, of violating his right to secrecy, a move that threatens to open a rift.

Magistrates Warn TALKS: Weighing the 'Gaza and Jericho First' Plan

Continued from Page 1

mentioned in print

She left vague the larger question of whether Mr. Peres had held a meeting of any kind with a Pales navian countries last week. Hanan Ashrawi, spokeswoman for the Palestinian delegation, speaks hopefully about "a new course of events," including the Gaza-Jericho idea, that could

breathe life into negotiations that have gone nowhere for two years. But she plays down prospects for an immediate breakthrough. Other Palestinians, and Israeli officials caution that the idea of Gaza-Jericho is still only that: an idea, not a formal proposal on the table.
Moreover, while the plan looms

large for the Palestinians, it is only one of several themes forming Mr. Peres's "package deal." Other elements are not new, and agreement on them has chided negotiators in previous rounds.

Under the basic formula for the talks, the two sides are supposed to el is concerned, Jerusalem's status focus on creating interim Palestin- is not negotiable at all.)

ian self-rule in Gaza and the West like Israeli withdrawal under UN land-for-peace resolutions, and a possible Palestinian state - are to

But with the talks seriously alled and with many Palestinians afraid that an interim stage could drag on for years, negotiators have begun looking for shortcuts.

One idea that the Israelis are promoting hard, dubbed "early empowerment," would hand the Palestinians responsibility almost right away for a range of public services in the territories. But Palestinians view the plan coolly, wor-rying that it will leave them with routine functions while preserving Israel's military occupation.

charged West Bank. (As far as Isra-

Now. "Gaza first" proposals leadership crisis but still president of the hoped-for Palestinian state,

rusalem and demands for an immediate Israeli pullout from the rest of the West Bank. Another suggestion, 'Gaza first," would rapidly provide Pales-tinian self-rule in the impoverished Nabil Shaath, said in Cairo Thurscoastal strip even while details are day that the PLO leader would sull being fromed out for the more complicated and emotionally move from his Tunis beadquarters

posal has broad appeal among rachis who want to get rid of the strip right away, seeing it as a violent anti-Israel maelstrom, strategically insignificant and economically burdensome.

have turned into "Gaza and Jericho For Mr. Arafat, mired in a PLO

Jericho would give him a West Bank stronghold and make clear that he will not settle only for Gaza. In return, he has said be is prepared for now to put aside claims to East

A senior adviser to Mr. Arafat, to Gaza or Jericho - a prospect that would probably deepen Mr.

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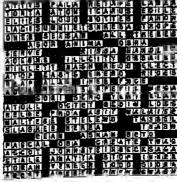
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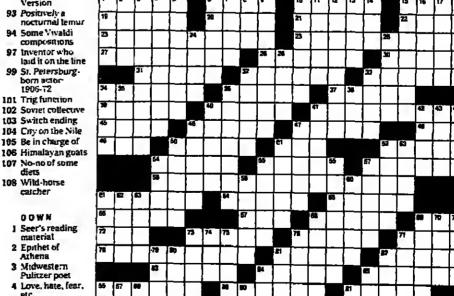
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Boy, 13, Tells of Sexual Acts by Jackson

Compiled by Our Staff From Dispatches

LOS ANGELES — A 13-year-old boy who claims that Michael Jackson sexually molested him has told the authorities that the entertainer warned the boy there would be trouble if the acts were revealed:

In investigative documents, the boy told a caseworker at the Los Angeles County Dopartment of Children's Services that he and Mr. Jackson had a four-month relationship that started with hugs and kisses and escalated into sexual acts by the singer. "it really got out of hand," the boy told the

caseworker, according to one document. Mr. Jackson, who has denied any wrongdoing, is in Thailand on a world tour. After a two-day lapse, when his doctors said he was suffering from dehydration, Mr. Jackson returned to the stage Friday night in Bangkok. In Los Angeles, Mr. Jackson's lawyer,

Howard Weitzman, described the allegations

in the Los Angeles documents as "totally false."

In another development, police sources said videotapes taken from Mr. Jackson's homes had provided no incriminating evidence.

There's no medical evidence, no taped evidence," a source said. "The search warrant didn't result in anything that would support a The allegations by the boy touched off a criminal investigation of Mr. Jackson by the

Los Angeles police, ... The investigation of Mr. Jackson has been expanded to include his relationship with atleast four boys, police sources said.

According to the case files, the 13-year-old boy first met Mr. Jackson in February of this year when the singer's car broke down and he

runs a rental car company. The boy discussed the sexual allegations in

sought help from the boy's stepfather, who

three hours of sessions with a therapist, Mathis Abrams, who immediately reported the situation to the Department of Children's Services and the Los Angeles police as required by law, the documents show. The caseworker for the Department of

Children's Services and two police officers then interviewed the boy, the documents say. In her report, the caseworker said the therapist "feels the child is telling the truth." The boy told the therapist that during his relationship with Mr. Jackson the singer

called him nearly every day and took him, his

mother and stepsister on trips.

Mr. Jackson told the boy on another occasion that "their being together was in the cosmos and meant to be," the report said. According to the report, Mr. Jackson warned the boy that he would be put in juvenile detention and that Mr. Jackson would get in trouble if their sexual relation-

laid it on the line 99 St. Petersburg-1906-72 101 Trig function 102 Soviet collective 103 Switch ending 104 Cay on the Nile 105 Be in charge of

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China Is Properly Punished

States is right to impose sanctions on China for breaking its pledge out to export missile technology. The evidence is "unambiguous." the State Department says, that the Chinese sold forbidden equipment to Pakistan. Having leaned heavily on Russia earlier this summer not to sell rocket engines to India, the United States could hardly avoid taking action against China. India long ago demon-strated its capacity to build nuclear weapons, and Pakistan is very close to matching it. Both are working hard on missiles capable of delivering nuclear warheads. The rivalry between them is as dangerous as any in the world, and for other countries to contribute to the competition between them is reckless beyond any ordinary meaning of that word.

The sanctions will prohibit the sale of certain American equipment, including satellites and the means of launching them, to China. That means the loss of perhaps half a billion dollars in sales, and the American companies selling to China vigorously deplore the set-back. They are right in saying that costs of the sanctions are significant. But ignoring this kind of arms race and the proliferation of massively destructive weapons might well inflict even larger costs on both Chinese and

Clearly and unquestionably, the United Americans - costs paid in more than dollars. As for the impact of the sanctions on U.S. trade overall, it is not large. American business and sometimes American governments get swept away by the brilliant promise of an export market of a billion people. But currently China buys well under 2 percent of American exports — half as much as Taiwan or South Korea, The Chinese government is deliberately restricting American exports and keeping the totals low. That brilliant promise may develop at some point in the next centu-

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ry, but not under the present Chinese regime.

In a briefing on the sale to Pakistan, a State
Department official described it as "a very narrow problem." That, unfortunately, is exactly wrong. In arms control, there is a broad pattern of China's neglect of international standards and its own commitments whenever they become inconvenient. All the industrial countries with advanced

space technology have joined in adopting explicit rules against illicit sales of missiles and the know-how to build them. It will be interesting to see whether any of these countries rushes in in China to pick up the satellite sales contracts that the United States, enforcing its sanctions, has now dropped.

-THE WASHINGTON POST.

The Sheikh's Indictment

Massacre in the Rain Forest

Attorney General Janet Reno surely made a popular call when she approved the indict-ment of Sheikh Omar Abdel Rahman and 14 others on charges of conspiring "to levy a war of urban terrorism against the United States,"

Since the deadly February bomb attack at the World Trade Center. New Yorkers espe-cially have felt vulnerable to international terrorism, For many, Sheikh Abdel Rahman, with his inflammatory preaching and the bloody deeds attributed to his followers, has come to symbolize the danger.

In the short run, the indictment could provake further terrorism. And its dependence on a rarely used law and on the taped testimony of a government informant may make it vulnerable in court. Still, given the legal options available to her, the attorney general's popular call was also the right call. Fear of new violence from the sheikh's supporters cannot justify overlooking evidence of his criminal involvement. And putting him on trial in the United States is more likely to produce trustworthy information and assure due process than extraditing him to Egypt or deporting him to Afghanistan.

Federal investigators still have not been able to pin any direct involvement in overt terrorist actions on the sheikh. Prosecutors instead brought charges under a seditiousconspiracy law first used against die-bard Confederates after the Civil War.

These charges were backed by testimony from an informant, some of it on tape, that appeared to place Sheikh Abdel Rahman in discussions of the political and religious implications of potential bombing targets. The indictment also accuses him of conspiring to assassinate President Hosni Mubarak of Egypt during a planned official visit to New York. Sheikh Abdel Rahman, whose main goal all

The details remain sketchy, necessarily so.

It was only in the 1970s that Brazil's Yano-

mami Indians came into contact with the

modern world; even today their ability to

communicate with outsiders remains limited.

But Brazilian authorities believe that earlier

this month gold miners illegally prospecting on the Yanomami reservation sadistically

massacred 73 Yanomami men, women and

children with machetes and guns and burned

down their village — Brazil's worst such inci-dent in nearly a century.

Journalists have been barred from the scene

while the investigation continues, a worrisome

sign given Brazil's record of indifferent protec-

tion of Indian rights and its failure to punish

Five million Indians are thought to have

culprits in 16 previous killings of Yanomami.

been living in Brazil before the Portuguese

arrived. Only 250,000 remain. The worst dam-

age they suffered was inflicted not by massa-

cres but by the introduction of European dis-

eases, by enslavement and, during this century,

by exploitation of the vast Amazen rain forest.

been wiped out. The case of the Yanomami i

among the best known and most poignant of

those that survive. When the Yanomami were

first encountered by other Brazilians, in the

1970s, they byed in a virtual Stone Age culture.

Two decades of unsought contact with miners.

missionaries and scientists have taken a cultur-

al and physical toll. More than 15 percent of

Brazil's Yanomami have succumbed to diseases

As recently as five years ago. Brazilian gov-

ernments were still encouraging miners and others to push the Yanomami aside to exploit

their land. Under international pressure the tide began to turn in the early 1990s.

Mello expanded the Yanomami reservation

over fierce local opposition. Both Mr. Collor

The government of Fernando Coilor de

introduced from outside.

The great majority of Brazilian tribes have

along has seemed to be the overthrow of secular nment in his bome country of Egypt, was tried on similar terrorist conspiracy charges there more than a decade ago and was acquit-ted. After that he spent time in Sudan and Pakistan, helping the CIA-backed Islamic re-bels in Afghanistan. Despite being on a list of excludables, he was repeatedly granted visas to

happened, by CIA agents assigned to the U.S. ulate in Khartoum, Sudan. Some of the crimes in the indictment, nota-bly the murder of Rabbi Meir Kahane, were committed before Sheikh Abdel Rahman tonk up residence in the United States. Nevertheless, the indictment names him as a "leader"

enter the United States - visas approved, as it

of the terrorist organization. The overt acts of terrorism described in the indicument were carried out by lower-level operatives. Since some of the alleged organization's members temain at large, there is at least a chance of further incidents. And since the indictment alleges that one of the accused conspirators, Sayvid Nosair, plotted further terrorist acts after his imprisonment, even detention seems no guarantee of deterrence.

Two months ago. Ms. Reno decided not to seek indictment of Sheikh Abdel Rahman, reasoning that an unsuccessful prosecution might do more harm than none at all. What later changed her mind was more careful study of the available evidence and the realization that conspiracy charges would allow

might otherwise be ruled out. In the end, she and her top advisers made a politically and legally sound judgment. By putting their faith in American law and American courts, they best served the interests of justice, due process and the fight against international terrorism.

and his successor. Itamar Franco, the current

president, used federal forces to evict wildcar

miners from the area. This week, Mr. Franco

summoned Brazil's top military leadership to

But time is running out, as disease and other

enemies of the Yanomami do their deadly work. Mining and ranching interests and the

powerful political forces aligned with them are

severely restrict Indian land rights. The miners

respond to the latest massacre.

- THE NEW YORK TIMES.

It's Time for a New U.S.-European Strategic Bargain

S ANTA MONICA, California — Whether Europe unravels for a third time this century depends on whether the West summons the political will and strategic vision to ad-dress the causes of potential instabil-ity and conflict before it is too late. A new U.S.-European strategic bargain is needed, one that extends

NATO's collective defense and security arrangements to those areas here the seeds for future conflict in Europe lie: the Atlantic alliance's eastern and southern borders.

The end of the Cold War wiped

away the strategic distinction be-

NATO would be transformed from an alliance based on collective defense to one dedicated to projecting stability, democracy and crisis management.

tween Europe's center and periphery. Whereas the potential locus of con-flict in Europe in the Cold War was along the old inner-German border, Europe's new strategic challenges exist almost exclusively along two ares of crisis: the eastern are, the zone of instability running between Germany and Russia from northern Europe down through Turkey, the Cancasus and middle Asia; and the southern arc, running through northern Africa and the Mediterranean into the Middle East and Southwest Asia.

While these circumstances are seemingly located safely on Europe's peripbery, for a number of reasons conflicts along either are are central to European security.

First, conflicts in the arcs are increasingly generated by antidemo-cratic and anti-Western ideologies that threaten the liberal-democratic foundations of Western Europe and the nascent democracies of the former Soviet bloc.

Second, conflict and insecurity in the twin arcs are unlikely to be neatly isolated or contained. Spillover, in the form of political and economic insta-

bility and refugees, is a real danger.
Third, while local conflicts may escalate into regional wars, instability in such geopolitically sensitive areas also threatens to draw in one or several major powers who see their own interests threatened.

Finally, and perhaps most important, instability along the arcs threatens to reactivate old fault lines and dormant historical rivalries - geopolitical competition between Germany d Russia along the eastern arc, or a conflict between the West and Islam in the south.

Western policymakers have been slow to recognize these new dangers and the security needs of these states. Many still cling to Cold War distinctions between Western Europe, By Ronald D. Asmus, Richard L. Kugler and F. Stephen Larrabee

which is implicitly defined as a vital interest, and Eastern Europe, which is seen as a secondary concern. East-Central Europe's lack of a sta-

ble security arrangement has already helped to undercut progress toward democracy and economic reform. Now the spread of instability or violent conflict threatens to destroy even that progress achieved thus far. East-Central Europe's democrats

know that democracy will succeed only if their states belong to a secure European and Western political, eco-

nomic and military community.

The West, too, previously understood this link — as demonstrated with the case of West Germany. That nation might never have become a stable Western democracy had it not been accepted into NATO's fold.

Similarly, NATO membership helped stabilize democracy and stem authoritarian backsliding in Portugal, Spain, Greece and Turkey.

The obvious tool for this new

The obvious tool for this new Western strategy is NATO. The Gulf War and the Yugoslav crisis have shown the European Community in-capable of taking on such a task. The remark of Foreign Minister Mark Evidence of Belging during the Gulf Eyskens of Belgium during the Gulf crisis — that the EC was an economic giant, pobtical dwarf and military

form — sadly remains true.

The kind of NATO that could respond to Europe's new strategic chal-lenges would bear little resemblance to the NATO of the Cold War. It would be based on a new bargain between the United States and Europe, a different set of political and military understandings, as well as a new relationship with the East.

This bargain would simultaneously expand the alliance's strategic horizon geographically and find new ways to share responsibilities and burdens. NATO's rationale and mission would be defined anew.

Politically, six steps are necessary to forge a new trans-Atlantic bergain. The first is to transform NATO from an alliance based on collective de-fense against a specific threat into an alliance committed to projecting democracy, stability and crisis management in a broader strategic sense.

The second step must be a new understanding between the United States and its European allies that harmonizes their interests. Europeanization of the alliance is as much in the interests of the United States as it is of Europeans. Washing-

ton must be willing to accept a stronger European identity, including in security affairs, and end its ambivalence toward European integration. Europe - which in this case means France - must abandon its exaggerated fear of American hegemony.
The real issue regarding the future
U.S. role in Europe is not whether
Washington will be hegemonic, but
whether the trans-Atlantic relation-

ship can be turned into a partnership that fully engages the Umited States. Without French backing to transform NATO, the affiance will crum-ble. France would then find itself forced to go it alone in a Europe characterized by increasing instabil-ity along both its eastern and south-ern flanks, with an independent Germany and an aloof America.

French-American rapprochement can set the stage for the third step -Germany's strategic emancipation.
Germany must finally resolve the confused debate over its role in Europe and beyond. To be sure, residual

fears concerning German power exist. But only a strong Germany can facilitate European integration and NATO's strategic transformation. While Germany remains preoccu-

pied with the staggering challenge of the political and economic reconstruction of its eastern half, the need to stabilize its eastern flank is Bonn's

top security concern:
Reorganizing the West will set the stage for the fourth step in this process—a coherent and coordinated Western strategy for the integration of Viscound Countries (Belend Hungary, the grad countries (Poland, Hungary, the Czech Republic and possibly Slovakia) into both the European Commu-nity and NATO. Opening the EC to the East is the best guarantee against a rival of anti-Western nationalism and of stabilizing the process of political and economic reform.

NATO should create the preconditions for the eventual integration of these countries into the alliance by

The best way to stabilize the reform process in the East is to integrate Poland, Hungary, the Czech Republic and Slovakia into the EC and NATO.

expanding defease cooperation. Such cooperation need not initially imply a full-fledged defense commitment.

Conceivably, "association agree-ments" could spell out the criteria for membership, but not provide explicit

Central and Eastern Europe the clear perspective they are looking for. And it would provide them time to adapt their military and defense establish-ments to meet NATO standards.

The fifth step in the new trans-Atlantic bargain concerns Russia.
The West has been reluctant to move toward the East more quickly for fear of offending Russia's strategic seasi-bilities. But it is hard to understand now supporting democracy and sta-bility in Eastern Europe can undercur democracy in Russia.

As it transforms and expands relations with Central and Eastern Enrope, the West should also expand its security dialogue with Russia.
Whether NATO's eastward exten-

whether NAIU's eastwain extension becomes a new offer for partnership or a move toward an anti-Russian alliance rests mainly on the outcome of Russia's own transformation. This process is likely to take years. To hold the future of NATO hostage to the outcome of Russian politics is a recipe for the degree of the clience. for the demise of the alliance.

The sixth step in the new trans-Atlantic bargain requires the West to develop a constructive Ukrainian policy. An independent Ukraine is one of the most important features of Europe's new strategic landscape; it acts as an important strategic buffer between Europe and Russia.

In light of the uncertainties sur-rounding Russian democracy, it rep-resents the best guarantee against Russian imperial restoration from the point of view of Eastern Europe, especially Poland.

The reincorporation of Ukraine

into a Russian-led confederation would transform the geostrategic equation in Europe as a whole.

As a final seventh step, extended collective defense and security means that the alliance must be reorganized militarily. NATO's basic problem is the mismatch between its old mission and Europe's new strategic challenges. It is no longer possible for NATO to concentrate on the strate-gic luxury of territorial defense. The dividing line between "in area" and "out of area" crises, so clearly drawn during the Cold War, has become

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ambigaous and artificial.

Redefining alliance commitments in both areas, and finding the proper balance between the two, is the fundamental issue facing the alliance. But any new balance must greatly improve NATO's capability to conduct military operations beyond its borders, and eventually allow it to

expand its full security guarantees.

American leadership must secure
the gains of the Cold War and build a
new U.S.-European partnership that can project democracy and stability. What is required is political will and

By showing both, President Bill Clinton can lay the foundation for a new partnership between the United

The writers are senior analysis at the Rand Corp. This article was excerpted by The New York Times from an essay in the September-October issue of For-



Clinton Does Have a Clear Foreign Policy: Just Ask Butros Ghali

By Jeane Kirkpatrick

N EW YORK — "What is our purpose?" the Senate minority leader, Bob Dole, asked of the latest U.S. commitment of troops to Soma-lia "What is the cost? How long will

they stay?" UN Secretary-General Butros Butros Ghali addresses these questions in his latest report in the Security Council on Somalia. But his answers would not please Mr. Dole or a growing number of senators and represenpushing for constitutional changes that would tatives concerned about the increasing U.S. commitment to the United

Nations operation in Somalia. too are poor and desperate, but that must not become an excuse for genocide.
No country in the New World can be proud Mr. Butros Ghaii explains that what began as an effor: to prevent mass of its record on indigenous peoples. But if Brazil shows itself able to respond vigorously to this massacre and protect Yanomami lives and culture, it can bring some pride to its present. - THE NEW YORK TIMES. system and a judicial system. Other Comment

starvation has become a campaign to rebuild Somalia's "political, social and material infrastructure on a lasting basis," to disarm warring factions, apprehend "criminal elements," establish a national police force, a prison

plan to send a small number of troops to Vietnam. "Within five years, we'll have 300,000 men in the paddies and

jungles and you'll never find them again," Mr. Ball said, Mr. Kennedy,

apparently initated, told Mr. Ball he

was "crazier than beil. That just isn't

going to happen." But it did -and in

troop numbers greater even than Mr.

ard Resect forthcoming book about the Kennedy years ("President Ken-

nedy: Profile of Power", is worth

recalling not only because of President Bill Chaten's determination to

associate himself with the Kennedy legacy and style but because this ad-

mmistration 100, is taking steps

overseas without apparently knowing

Just this week for instance, 400

Army Rangers were dispatched to

Somalia on something less than a humanitarian mission, the original neason for U.S. involvement there.

Now it seems America is out to get

Mohammed Farrah Aidid, the war-

Somalia is not going to be another Vietnam and Bill Clinton is not John

F. Kennedy. But what the two admin-

istrations seem to have in common at

this stage is a confusion about foreign

policy goals. Mr. Kranedy could not

see where he was going in Viennam; if

seems Mr. Cimton is having a similar

problem defineating foreign policy. In less than a year in office, though, he has mised the prospect of U.S. inter-vention in Bosain through air strikes

and sent troops back to Somalia. All this without a word of explanation to

the American people.

pracise v where it is going.

lord on the amb.

That incident, recounted in Rich-

Ball had imprined

Of course, the secretary-general

does not explain why the United States should commit hundreds of millions of dollars and risk thousands of lives to nation-building in one African state. That is not his responsibility. Explaining to American taxpayers why these activities are in the U.S. national interest is the responsibility of President Bill Clinton.

We know wby the Bush administration committed 20,000 troops to Somalia: It was to stave off imminent starvation of tens of thousands. But President Clinton and his top advisers have not explained why Ameri-cans should become militarily involved in the internal politics of Somalia - a distant country to which

Americans have no special ties.

Nor have they explained why the conflict in Somalia should have greater claim to U.S. resources than, say, the bitter war of aggression

against Bosnia. The president's si-. lence on these questions has given rise to the complaint — heard with increasing frequency —that the Clin-ton administration has failed to define a foreign policy. I believe that complaint is not justified.

In fact, the Clinton administration's foreign policy has been repeatedly described and illustrated by top adminis tration officials. But what they say and what they do are so unfamiliar and unexpected that they are barely heard

For the Clinton team, implementing the decisions of the UN Security Council and secretary-general in So-malia, Bosnia, Cambodia or wherever is U.S. foreign policy. Doing what the United Nations calls on America to do is U.S. Ioreign policy. That is why Secretary of State Warren Christo-

guration. And he was right. But even he must be surprised at the extent of the Clinton administration's commit-ment to global multilateralism.

Mr. Christopher and others have pher listed among the administraemphasized the administration's be-lief that a strong United Nations is critical to U.S. national security, that a conflict anywhere is a threat to U.S. national security, and that they have a commitment to promote peace and development everywhere through the

United Nations. In Bosnia, Somalia, Cambodia and in its sweeping plans to inpgrade UN peacekeeping capacities, the administration has demonstrated a will to make the UN secretary-general's pri-orities its own. In its support of Mr. Butros Chah's boundless agenda and imprecedented claims of authority, in its willingness to defer to UN deci-sions (as on air strikes in Bosnia), in its decision to place U.S. troops under UN command, the Clinton adminis-

tion's foreign policy accomplish-ments "taking the lead in passing the responsibility to multilateral bodies." tionally conceived. It eliminates from the calculation of interests and priorities factors like geography, history and culture that have traditionally shaped It is presumably why the adminis-tration accepted Mr. Butros Ghali's claim of authority to decide when and the foreign policy of nations.

The Clinton administration offers where NATO air strikes could take place in Bosnia and it is why the

us a vision of foreign policy from which national self-interest is purged. And it proposes to forgo U.S. control over important decisions and rely instead on the judgment of international bodies and officials.

The reason the Clinton administration's foreign policy seems indecisive is that-multilateral decision-making is characteristically complicated and inconclusive. The reason Chuton policy seems ineffective is that UN operations are characteristically ineffec-tive. The reason Mr. Dole demands an explanation of U.S. purposes in Somalia, now that starvation no longer looms, is that it is difficult to relate Somalia's internal political sangeles to any U.S. goals except the goal of boucking the priorities of the UN

Secretary-general.

Of course, this is not the first time. an American administration has brought to U.S. foreign policy-making a global perspective and tendency to prefer universal needs to national mitarests. Many of the same people now making foreign policy for the Clinton administration tried these ideas first when they served in the Carter administration. But the Cold War and the reality of Soviet expension in the late '70s imposed limits onthe utopian quest for a global community. Now, only the Congress can

prevent the progressive loss of con-trol by Americans of their resources. and their future.

O Los Angeles Times Syndicate.

Confused, Ad Hoc and Unexplained W ASHINGTON — On Nov. 7. 1561, the No. 3 man at the State Department, George Ball, warned President John F. Kennedy against his were right, and I have my doubts, they are asking a nation to become in-volved in a war that it little under-By Richard Cohen

A Bright Side for NASA

Hardly anyone in the National Aeronautics and Space Administration would agree, but the apparent failure of its mission in Mars could have beneficial effects in the long run. [forcing] into the open a debate that has been waged for some years. Does it make sense to continue highly sophisticated space missions with expensive hardware that is designed to minimize the risk of failure? Or would it be wiser to launch a greater number of less elaborate, thus less expensive, missions that might have a higher failure rate but which collectively would deliver more information? Experts differ, but if NASA officials and the legislators who ultimately decide their fate make an intellectually honest

appraisal of the space program, Mars Observer could still make a valuable contribution. - The Baltimore Sur-



International Herald Tribune

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In a sense, Mr. Kennedy had it easy. Back then, America was fighting the Soviet Union and communism. The foe today is more amorphous, no single entity. It consists of mternational terrorism and resurgent nationalism. The world is a more dangerous place than it was before the collapse of the Soviet Union. It is certainly more chaotic and unstable. Of course, the Clinton administra-tion recognizes all this, But at both

Like Kennedy, Clinton is taking steps overseas without seeming to know just where he is going.

the State Department and the National Security Council, there is a yearning for the president to share with the American people what up to now, has been restricted to memos and in house discussions - in other words, to become more of a foreign policy president.

Mr. Clinton's almost total emphasis on the domestic economy is now being questioned from within the administration. Foreign policy also matters - and matters critically. We live in a small and dangerous world.

Mr. Clinton so far has refused to couple foreign policy with domestic policy — even to give it equal stand-ing. The four former State Depart-

ment officials who left the administra-

tion in protest over U.S. policy toward Bosnia are symbolic of this split. They

had repeatedly argued for a more ac-

tivist American role. But even if they

people on the subject - has yet to say why Bosnia is worth a single American life. George Bush, in contrast, simply washed his hands of the matter. But the United States is now committed to providing peacekeeping troops should the warring factions in Bosnia agree to end the war. Given the nature of the war there, these troops are almost certain to come under fire. And yet, one searches in vain for a clear articulation of administration

stands and which seems to pose no threat to the United States. Mr. Clin-

ton has yet to address the American

goals in the former Yugoslavia. What one finds instead are state-ments galore from both Mr. Clinton and Secretary of State Warren Christopher voicing the emotion of the mo-ment. Mr. Christopher, for instance, has called the Bosnian war both "a conflagration that could envelop all of Southern Europe and perhaps rage beyond" and one that "does not affect

our vital national interests." Mr. Clinton had Richard Reeves's Mr. Curron has keeper keepers book added to his vacation reading list. He will find it both gripping and instructive. Especially in the early days of his presidency, Mr. Kennedy anthorized foreign policy initiatives in a chaotic, virtually ad hoc manner, lieve that foreign policy is being for-mulated in a Kennedyesque manner ad boc, on the run and without adequate explanation to the American

sometimes compounding the damage by being less than houest about what was happening. There is no reason to think Mr. Clinton is being similarly deceptive, but plenty of reason to be-

people. This is not the Kennedy legacy that Mr. Chinton should emulate. Washington Post Writers Group:

United States dispatched crack troops to Somalia without raising serious questions about whether it is prudent,

The Clinton administration has

made acting through the United Na-tions the centerpiece of U.S. foreign

policy. There is a political will in the

new administration to use the United Nations in solving international dis-putes." Mr. Butros Ghali told an inter-

viewer soon after Mr. Clinton's inau-

ustifiable or in the U.S. interest.

tration defines its foreign policy and

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: A Grouse Fallacy

LONDON - A paragraph has gone the round of the papers which states that the grouse shooting on the Queen's moors has been postponed until after the arrival of the Court at Balmoral. This is incorrect, the fact being that there are so few grouse on the Royal domain that there is never any regular shooting of them after the first fortnight of the season, when the keepers kill a sufficient number to supply the Queen's larder. Red deer shooting and salmon fishing on the Dee are the great sporting features at Balmoral. The Queen has four forests, and they extend altogether to about 30,000 acres.

1918: Passing the Baton PARIS - The President of the Republic on Friday [Ang. 23] handed to Marshal Foch the marshal's staff, which is the symbol of supreme mili-tary command. Upon a rich blue (bleu de France) velves ground it

bears thirty chased gold stars. On one of the ends, which are also in chased gold, are engraved the new marshal's name and the date of his appointment; the other bears the traditional device of French marshals: Terror belli decus pacis." The execution of this work of art, which is destined to become a historical object, was entrusted to Cartier. 1943: Headhunters' Help

THE INDIA-BURMA JUNGLE -From our New York edition: | Enc

Severed reports: "Burmese jungle headhunters, every one of them a primitive killer, saved our lives when 20 of us leaped by parachuse from a crippled United States transport plane into the mountains of northern Burma where weeks are calculated. three weeks ago today (Aug. 23, I am grinding this out on a hand-crank wireless set dropped to us by one of the rescue planes of the Air Transport.

Command. We are in the middle of a village of aborigines perched atop one of the 6,000-foot mountains."

A Showcase for Chinese Porcelain

ASHINGTON — The most novel of Far Eastern art exhibitions this year is on view at the Arthur M. Sackier Gallery until Nov. 28. For the first time in the West, a display of Chinese porcelain from the 16th to the early 20th century draws entirely on Chinese private collections. Chinese imperial porcelain can be looked at here as it is seen by Chinese comoisseurs. All the pieces in "Joined Colors: Decoration and Meaning in Chinese Porcelain" were lent by 10 Hong. nese Porcelain" were lent by 10 Hong Kong collectors grouped in a compis-seurs club, the Min Chru Society, founded In a soleme "Statement" that opens the

remarkable catalogue to a remarkable

SOUREN MELIKIAN

show, the current chairman, Ronald Poon, leaves the reader in no doubt as to the scriousness of the society's purpose. It is tofoster connoissemship, encourage the diffusion of information about art and, not least; stage exhibitions. Founded under the banner of Confucianism, the society links the traditional Mandarin heritage of scholarship and the new Chinese power. The late S. C. Ko (Shih Chao Ko) was the driving force behind its creation. It was he, who having left Shanghai half a century, ago to make a fortune in Hong Kong, first gathered a few friends from Shanghai to set up

His passion was porcelain. Despite the many calls on his time as chairman of Continental Electrical Industries, Ko, then in his 80s, found the energy in September and October 1990 to take the soci ety members on a study tour of U.S. museums. It included the Sackler. And as Milo Cleveland Beach, the gallery's director, paid a visit to the society, which was celebrating its 30th anniversary in December, in Hong Kong, suddenly, lo and behold: "The idea of a losn exhibition from the Min Chin Society to the Sackler Gallery was proposed at that time and re-ceived with enthusiasm by S. C. Ko, as Poon deftly puts it in the catalogue. In effect, the Min Chin Society got ex-actly where it wanted. So did Ko. Al-

though ill and just out of the hospital, he had himself carried in on a chair to be present when two young curatons at the Sackler and the Freer, Jan Smart and Louise Allison Cort, were making selections from his collections. "He knew his porcelains in a very intimate way," Stuart says adminingly. "You could see he spent a-lot of time looking at his pieces," which sums up in a mushell what all true collec-

tors do the world over. The Ko collection, now entrusted to the irresistibly calls to mind thin lines in ink Tianminlou Foundation, largely sets the on paper or silk as in scroll painting tone in the beautifully presented show.

Ko loved tree branches cotting across a



Clockwise from top left: Covered jar of the Quantong period; Qianlong cup; Wanli gourd-shaped ewer, and Kanexi dish.

which has none of the irritants so common in art shows nowadays from the theatrical effects to pompous labeling. The minute one walks in, one is struck by the difference from Western displays of Chinese porcelain covering the same period, roughly 1500 to 1900. The scale is smaller (there. are no large vases), the colors are subtle. the patterns complex. The Tianminlou Foundation objects, particularly, are fre-quently asymmetrical and betray the vi-sion of a collector steeped in the world of

scholarly painting.

Two small bowls of the Kangxi period (1622-1722) are painted with a scene showing the immortal Zhang Qian riding a raft made from a bough. On the other side a crane is wafted in the air over sinuous waves, heading for a solitary sock. The underdrawing in blue over which colors are sparingly applied—this is the doucal, the joined colors technique, identified by Cort and Stuart from Chinese sources. that gives its cryptic title to the show.

white ground. On a rare Kangxi dish, a branch of tangerine and another of pomegranate, with outlines in black and black dots as if applied with the tip of a brush on some colored areas, again call to mind the painter's approach, even though no paint-ing ever remotely resembles this. Underneath, an incised design of a dragon amid clouds runs through the painted motif, barely visible, like some faintly remembered counterpoint, giving it a unique effect. All this is purposeful, Stuart points out - the dragon as an imperial symbol, the fruits as wishes thus implicitly ad-

dressed to the emperor as to the viewer. Ko's search for perfection was not in-compatible with a love of quirks, well in line with the Chinese scholar's approach. A jar of the Jiaquing period (1796-1820) is painted with the linear underdrawing in blue waiting to be filled with the joined colors. This was never done. Only specks of yellow in one cloud motif betray the intention. Somehow, the unfinished jar survived, probably saved by earlier scholars.

For unconventional choice, however, the collection formed over many years by C. P. Lin, a barrister in his 50s, and his wife, Helen, comes out on top. This may have been stimulated by their other interests, particularly contemporary painting from China in the Chinese tradition. Most remarkable among the surprises is a square jar, almost gawky, rather European than Far Eastern in shape, but painted with an admirable mallow scroll in pale yellow and turquoise green. On the underside, a lac-quer motif of stylized dragons, probably added in later times, conceals the mark of the piece, if it ever had one. The Lins cherish pieces such as this, which fuel controversy, Cort says.

But they also go in for wares that echo their love of painting. A pair of Kangxi dishes with gnarled peach trees and rocks and a pair of Yongzheng cups with bamboo in two shades of green on white pay tribute to the Chinese scholar's taste. Most tellingly, a Kangxi vase, almost mono-chrome with its landscape mostly in red, has a poem signed Yunqiao. Stuart writes in the introduction that "the Chinese approach objects by 'reading' them," meanng that they see their symbols first. Here it is literally true as well.

A twist is added to the show by Simon Kwan's focus on the 19th century. From a Daognang (1821-1850) bowl that innovates in its handling of polychromy and shaded colors to a cup molded in the form of a peony, which is dated 1907, and has a strident pink color, Kwan's porcelains often strike a jarring, provocative oote. Coming from a collector noted for his interest in jades, from early times on, and ivory going as far back as Shang, this betrays a quirky mood that is intellectually appealing by contrast.

The ultimate tickle is given by a mystery man who is identified only as owning the "Canton collection." This is sparingly rep-resented by a handful of masterpieces in the purest Mandarin tradition, of which the supreme example is a cup with yellow peonies on red ground. Potted like all imperial wares at Jingdezhen, it was enameled at the Beijing palace workshop under Kangxi. The collector must have trembled as be saw his rare, four-centimeter-high imperial treasure being packed to confront the hazards of an overseas journey.

To be fully appreciated, all this should be

held in hand, turned slowly, looked at un-der different lights. It would further require possessing the code to the symbols, to which the introductions by Cort and Squart provide an outline regarding color and pat-tern respectively. Ultimately, only a few scholars, well attimed to the literature and painting that underlie the aesthetics, can properly look at them, just as only a few can have full access to any aspect of a high culture. But even improperly looked at, the wares of the Sackler leave any sensitive viewer with the thrill of a day trip into the

As in the original scheme, the



St. Petersburg's Mikhailovsky Palace, home of the Russian Museum since 1898.

St. Petersburg Palace Coup

By John Russell New York Times Service

T. PETERSBURG - Just about every major museum in the world has lately been in the ousmess of expansion. But the jackpot in this context has surely been woo by the Russian Museum here. Although it has been housed since 1898 in the Mikhailovsky Palace, one of the largest and most beautiful palaces in the city, it has since the fall of the Communist regime in 1991 been allocated no less than three more of the most striking buildings; the Marble Palace, the Engineer's Castle and the Stroganov Palace.

These extensions represent a considerable coup for the director of the museum. Vladimir Gusev. Gusev had two very important things going for him: One was the backing of the strong-willed mayor of St. Petersburg, Anatoli Sobchak. The other was the fact that, with the political changes, palace after palace throughout the city was go-

ing to be released from former uses. Some of these buildings had been reasonably well kept. Others had been subjected to bizarre, not to say comical, treatment. The Sheremetyev Palace, for instance, was a civilized haven for music in the 19th century. But under the Soviet regime, much of it was given over to refrigerated water tanks in which the habits of Arctic fish could be stud-

ied in Arctic conditions.

Meanwhile, the mandate of the Russian Museum had been to cover the whole of Russian art from the

It was possible to go to the Rus-The heart of the center is the sian Museum, elimb the great stairshed's vast, open-span interior, a case, gaze in awe at the many-space the size of two football fields. times-life-size head of Peter the Though now used primarily as a Great that glares down, and theredepot for the trucks that transfer after get irreparably lost. Stunned trash to landfills, this space con-by the ennrmous and rejectlessly tains sorting and recycling equip-ment that will eventually ent land-Karl Bryullov, many visitors missed the portrait of the Duma, the state council, that was painted tions from catwalks and from an early this century by Ilya Repin.

Often, too, visitors missed the

coverage of the Diaghilev ballet in Catherine the Great, to foil any the glory days of its foundation. before 1914. The famous portrait of Sergei Diaghilev by Leon Bakst, his inspired stage designer, might alone have made their trip.

Giveo this superahundance of materials, what could be more natural than to distribute the collectioos among buildings that were worthy of them? Sobchak was eager to give a new shine to the ancient image of his city. So he and Gusey went to work.

Gusev's first conspicuous success was with the Marble Palace, which since 1937 had housed the 1917, murder and paranoia played Lenin Moseum. For that reason, it oo part. Architecturally, it touches was in good shape at the outset, and Gusev lost no time in turning it into what is, in effect, a national portrait gallery.

Portraiture is oot everyone's fa-vorite form of art, but Russian portraits can be very telling. As the possible, work in the Marble Palace draws near to our own century it has elements of sobtlety and intelligence, finesse and fine living that would oever have been encouraged in the Lenin Museum. The society that backed music, dance, theater, the fine arts and the life of literature at the beginning of this century is at

last given a fair showing.

Though much altered within, the Marble Palace has ocoetheless regained something of the volup-tuous aura it had when Catherine the Great had it built as a pi for her lover, Grigory Orlov.

The Engiocer's Castle was altogether more problematic. A bizarre, baunting construction, with four facades (all different), it had been fortified by Paul L the son of

potential assassin. All precautions were useless, however, and in 1801 Paul I was found in bed, strangled with a scarf and with his head beat-

en in with a paperweight.

After that, family takers were few. In 1923, a military engineering academy moved in. More recent tenants did oot feel disposed to vacate it on demand. But ooce that matter has been settled. Gusev said, the Engiocer's Castle will be turned into a walk-through history of Russia, il-lustrated with Russian art.

In the Stroganov Palace, before perfection. Long years of occupa-tion by a clandestine department during the Soviet years left the house in terrible shape, but it is being rebuilt, room by room, at whatever pace the budget makes

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Where Landscape and Art Become Engineers

By Herbert Muschamp

Trus

HOENIX - in Phoenix, the old order has fallen by the wayside. In this vibrantly adolescent city, where people dine al fresco in shopping malls beneath clouds of me-chanically created mist, a fertile new vision is reshaping the land and the roads that pass through it.

Highway and landscape have begun to enter into a new civic partnership, one that fuses their traditional roles. Roads, coniched with landscape and art, have become empathetic, Land has begun to function as an engineer a force from which the city's builders take their caes

The catalyst has been art. Or, more accurately, the Phoenix Arts Commission and its director, Deborah Whitehurst. Together with Gretchen Freeman, director of the city's public art program, White-hurst has turned public art into something worthy of the legendary WPA. Like many other American cities. Phoenix has adopted "percent-for art" legislation, which specifies that a portion of the budget for government-sponsored buildings must be set asside for art.

In 1988, Whitehurst commis-sioned a plan from William Morrish and Catherine Brown, the architecture and urban design team who along a mile stretch of the city's



One of Mags Harries's sculptures in Phoenix.

scape. The plan proposed that the going to pot, Harries's vessels be "percent for art" program focus on the city's infrastructure: not only highways and neighborhood streets. but also airports, canals, bus stops, water and waste treatment plants. public art can be a way to coordinate public works.

since they were installed in 1992

direct the University of Minnesota's Squaw Peak Parkway. With all the Center for New American Land talk about America's infrastructure

And her cheerfully round containers do make vou laugh. Farther down the road, there's an even more ambitious project. At With 68 projects completed or in the Thomas Road Overpass, the the works, Phoenix has shown that public art can be a way to coordinate or infrastructure; she helped shape it. Instead of the asa-You may have heard about "the al "golf tee" columns, six giant, pots." Mags Harries's polychrome stylized lizard forms rear up on sculptures have been controversial their hind legs to support the parktheir hind legs to support the parkway's triple-span overpass.

came an instant target for bad jokes.

forms from motifs found in archae- come one. The mound of earthological remains of the Hobokum covered trash conveys a similar civilization (the name translates as message about the longing of in-"all used up") that flourished here dustrial society for an arcadian es-for 1,600 years. And at Thomas cape. Road Overpass it is as if this vanished pre-Columbian people has reached up from the earth to channel the traffic through the modern

With its newest public art pro-ject, the Phoenix Solid Waste Man-agement Center, the program has moved out of the realm of metaphor and begun to alter reality. The \$18 million transfer facility is the true modern Hohokum, the citadel of "all used up." Here, newspapers, soda cana, pizza boxes, panty hose and toaster ovens mass together in an automated orgy of discarded

kind of place that needed to be brought into the public realm Join-ing Whitehurst and Freeman in making that leap was Ron Jensen, director of the Phoenix Depart-

ment of Public Works. The artists chosen for the project, Michael Singer and Linnea Glatt, were asked not only to come up with designs, but also to devise ways to put the public into the picture. Though the loaf-shaped landfill was not initially created as a formal

Zwack adapted her biomorphic piece of landscape, it has now be-

fill shipments by 30 percent. Visitors can watch these opera-HE brilliant leap that set this plan in motion came with the recognition that this was precisely the

windows. This is an operating the-trenchancy. ater for environmental therapy.

icons of the 12th century to the art of the early 20th century. (It also possessed, under lock and key, later center's most conspicuous feature is art that was proscribed by the Sovia spare horizontal shed, but its utili- et regime.) There was far more in tarian forms have been shaped toits collections than could possibly ward more poetic purpose. Walls of be shown even in the gray cement block rise in shallow Mikhailovsky Palace. be shown even in the enormous

pers planted with desert vegetation. exterior amphitheater that looks Repin had a way with politicians into the interior through large glass that has not often been rivaled for

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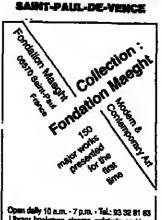
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BOOKS

WHOREDOM IN KIM-MAGE: Irish Women Com-

By Rosemary Mahoney. 307 pages. \$21.95. Houghton Mifflin.

Reviewed by Nina King I N 1991, Rosemary Mahoney spent 10 months in Ireland, six

living in a drab apartment in Dub-lin, four in a restored 15th contrary castle in the tiny Clare village of Corofin. The writer, whose 1990 book on China, "The Early Arrivalof Dreams," was widely praised, comes from a Boston frish family and attended school in Ireland for a year in the late 70s. Her remm was inspired, she says, by the new visibility of Irish women: Smead O'Connor on the cover of American magazines, Mary Robinson in the presidency. Mahoney went back to (reland "to learn more about [its]

Swomen and to write about them. The result is a fine book but one with a slightly split personality. By far the best parts are those in which Mahoney tells stories about her encounters with the citizens of Coro-in — mostly men and mostly in pubs — stories in which she herself

is a character. But when she puts on her journalist/sociologist cap and takes out her tape recorder, the results, though earnest and infor-mative, read like dozens of other

lars, the smells of stale beer and heated conflict. Mahoney writes, coal smoke, the jackets and caps The forms and rituals of Catholieft on despite the warmth of the cism remain "embedded deep in fire; the ancient quarrels, the thythms of drunken discourse, the language both profane and poetic,

lowed by the more conventional face pressed against the inside of a generalization. "Irish Women store root window; a man in a trace to be seen side: "Oh, those women! Those at half past 12 the streets were women encourage whoredom in festooned with empty glasses Kimmage!") placed on curbsides, doorsteps, and Mahoney meets many more windowsills. They were placed with

women in Dublin than in Corofin, great care, as though the people where the sex seems to be in short who put them there didn't want them to break."

The power of the Roman Catholic

the Irish mind," she observes.

The other great traditional influence on Irish life, though Mahoney and the gradual shifting of roles does not label it as such is drink.

(and seats) occasioned by the dissurance events occurred in Dublin turbing but welcome presence of a when the pubs let out, she writes an a memorable passage. I with the contrast between the two nessed, at different times, a group aspects of this book is suggested by of people hoisting a body like a the title, the mysteriously concrete, rolled-up carpet into the back of a "Whoredone in Kimmage," fol- tiny car; a slack-jawed, glassy-cyed

Valuable though Mahoney's ob-Church in Ireland — particularly as servations on the long suppression it affects the status of women — is a and recent awakening of Irish womit affects the status of women — is a and recent awakening of Irish women — about an evening in Dillon's pub in one that she can't seem to make up one that she can't seem to make up of the reader is left him life. The guarded faces of the regulars, the smells of state beer and heated conflict. Mahoney writes.

The forms and rituals of Catholic and about the value of the reader is left him beated conflict. Mahoney writes.

The forms and rituals of Catholic and about the value of the reader is left him beated conflict. Mahoney writes.

The forms and rituals of Catholic and about the value of the reader is left him people of Corofin The forms and rituals of Catholi-cism remain "embedded deep in explained episode, someone changes the pediock on Mahoney's castle door while she is out one evening. The ensuing interview with police Sergeant Kavanagh is worthy of Flam O'Brien. But we want to know much more about the mysteri-

Nina King is on the staff of the

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ous lock and to savor the reactions of the regulars at Dillon's pub.

Washington Post.

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ECONOMIC SCENE

India Cuts the Red Tape Tying Up Its Economy

- By Peter Passell New York Times Service

T EW YORK - The economy underperformed for decades, hobbled by government planners whose careers depended on the continuing worship of false prophets.

National savings rates had always been high, But much of the money had been squandered on subsidies for hopelessly inefficient state monopolies and grandiose public investments to

y, feed the egos of bureaucrats and generals.
"Only in the 1980s, after the contrast with Asian and Western economic growth became too obvious to ignore, did the rating elite look to the outside world for the ideas and technology to rescue it

from disgrace."

Mikhail S. Gorbachev's fading empire? No, the India inherited

by Prime Minister P.V. Naraon a radical transformation. India has all the simha Rao, which has embarked

from the suffocating state pater-nalism embraced by its founders potential to do what to Western-style capitalism.
The prospects are good, argues

lagdish Bhagwati, an economist at Columbia University. In a report commissioned by India's Finance Ministry, he and T.N. Srimvasan, another Indian expatriate who teaches at Yale University, conclude that the world's most populous democracy is well along the runway to an economic takeoff. the unexpected plot twists. Seldom has any company become so mired in melodrama as Sony, which merely

In 1960, the income of the average Indian bought roughly the same survival ration as the income of the average Chinese, and only a bit less than the average South Korean Today, the average Chinese wage abilitys half again as much as the average Indian's. And the South Koreans have entered a different orbit, earning seven times as much What happened? Mr. Bhagwati sees it as "a cautionary tale about

economic fashions." Unlike the Soviets, Indians were not prisoners of the dictatorship of the proletariat. But they were effectively trapped by another failed utopianism: belief in central planning and self-sufficiency, largely inherited from British social democrats. Key industries were all state monopolics, and the production of virtually everything else that required modern machinery was rigidly controlled by government licenses. Thus a maker of, say, toothpaste needed permission to fill more tubes or even to change

the mix between perpermint and cinnamon flavors.

Imports were tightly restricted to reduce competition for domestic monopolies. Exports were viewed with malign indifference, a diversion from the noble effort of pulling the nation up by its socks. In 1991, sales of merchandise abroad amounted to just \$17 billion, one-fourth as much as China's and no more than Portugal's. Thanks to savings rates of more than 20 percent and a principled

See INDIA, Page 13

BHP Looks Offshore for Growth Vietnam Oil Project Signals Broadened Horizons

By Michael Richardson ntional Herald Tribune MELBOURNE - Extensive drilling started recently by Bro-ken Hill Proprietary Co. in define the full extent of oil and gas re-serves in the Dai Hung field off the coast of southern Vietnam has signaled that Australia's larg-

est company is embarking on an

aggressive international expan-

BHP executives say that the company will spend 8 billion Australian dollars (\$5.4 billion) over the next six or seven years to over the next six of several years to develop the Dai Hung oil field and other large projects in Asia, Australia, Europe, North and South America and Africa.

Those projects include new oil and gas fields in Australia, Britain, the Netherlands, Papua New Guinea and Argentina, a major platinum mine in Zimbabwe, and large-scale expansion of mining of copper in Chile, coal in Austra-lia and Indonesia, gold in Mali and iron ore in Australia.

The aim is to provide the steel and resources conglomerate, which ranks 104th ou the Fortune 500 list of the world's leading companies in terms of profitability, with a strong base for growth

In an interview, John B. Prescott, BHP's managing director and chief executive, outlined an expansion plan in the year 2010 that is likely in include building a series of mini-steel mills in East Asia and the United States in take advantage of growth oppor-tunities and avoid protectionist

Following complaints by American steel producers, the United States recently imposed

by BHP in Australia. Steel imports into the United States from more than a dozen other countries were also hit by the imposts. "If we want to grow our steel business, we will have to do it offshore," Mr. Prescott said.

BHP's intal assets are worth some 24 billion dollars. About 70 percent are located in Australia, where the company's steel and mining operations began late last



counts for approximately twothirds of the group's annual sales and profit, although half the Australian production is exponed. However it is elear that BHP's

Australian weighting will be reduced substantially over the next decade as new offshore projects come into operation. Mr. Prescott declined in make

any specific forecasts. But he said that in the year 2000, BHP would be "a more global company with more diversified activious in all of its businesses."

He indicated that in the future BHP would expand its petroleum refining and processing activities. undertake piping of gas for in-dustrial, commercial and bome use, and operate or sponsor power stations using gas from BHP

He said that in mining the company would enlarge valueadded processing and was also studying the feasibility of extending the range of its production to cover olatinum in Zimbabwe, diamonds in Canada, titanium minerals in Western Australia and silver, lead and zinc in Queensland, Australia.

For the financial year that ended May 31, BHP reported an op-erating profit of nearly 1.2 billion See BHP, Page 13

VW Sweep Nets **A Mass of Data** For Prosecutors

FRANKFURT - German prosecutors investigating allega-tions of industrial spying at Volks-wagen AG said Friday they had seized a large amount of docu-ments and computer material in a search of VW offices.

A separate controversy hroke out on Friday over an alleged leak of the prosecumrs' plans for the search and a demand by two men for money from VW in exchange for a op-off.

The prosecutors in Darmstadt, which is 20 miles (30 kilometers) from Frankfurt, said in a statement: Business papers in large quantities were taken into possession, and in addition a large number of data carriers (diskettes and between 20 and 30 stand-alone personal computers, including laptops)."

The statement said it would take a long time to evaluate the documents seized because of their complexity. Some 40 police officers, includ-ing computer specialists from the state criminal investigation agencies, have taken part in the searches, which included the offices and the private residence of José Igna-cio López de Arriortúa, the Volkswagen production chief whose de-fection to VW from Geoeral Motors Corp. this year sparked the

allegations of industrial espionage. VW said the search had extended inın Friday.

The prosecutors have since May been looking into claims that Mr. Lopez and other former GM managers took confidential documents with them when they moved to VW.

The prosecutors had already found four boxes of documents be-

longing in GM and its Adam Opel subsidiary in June at an apartment in Wiesbaden occupied by two former Opel employees now at VW.

But recent German media re-ports have also claimed that VW staff had copied Opel papers on to VW computers.

Despite the attempt to dp off Volkswagen, investigators said the company was apparently kept in the dark about the searches up until the moment they were launched. Volkswagen said it had alerted

investigators on Tuesday after get-Under the U.S. law, the government will ing a telephone call from someone notify the other COCOM nations of its finding.

offering "hot information" in ex-

change for 500,000 Deutsche marks (\$300,000).

'We immediately informed Wolfsburg police," said Otto-Fer-dinand Wachs, a VW spokesman. Volkswagen told the caller the money would be delivered at an autobahn rest stop near Wolfshurg, where police arrested the duo late Tuesday night, Mr. Wachs said.

The Hannoversche Allgemeine Zeitung newspaper said the two men, who came from the red-light area of Frankfurt, had learned of the plans for the searches from Hesse state police at a shooting club.

The police said the two men had

Stocks Jump To Records In Europe

Compiled by Our Staff From Dispatches LONDON — European equities ended Friday at or within sight of record highs, spurred on hy renewed hopes of noninflationary growth. Paris and London stocks

were particularly strong, after setting records Thursday. The Financial Times-Stock Ex-change 100-share index surged 21.4 points in a record of 3,100.6. French stocks also extended their bull run, with the CAC-40 index gaining 10.27 points to a record 2,183.88.

Milan shares also set a record. The MIB index jumped 8 points to a record 1,379. Anaysts said the Bank of Italy was likely to cut rates next month, despite the Bundesbank's decisioo Thursday to leave rates unchanged.

Germany's DAX iodex gained 3,45 points to 1,904.60 helped by a firm Deutsche mark and stroog bonds.

The European componer of the International Herald Tribune World Stock Index rose 0.60 percent to 105.64. (Knight-Ridder, Bloomberg)

Easing Likely of Computer Export Curbs Currently, computers must have special li-

By John Markoff

New York Times Service NEW YORK - In a review that is likely to lead to substantial liberalization in the control of computer exports, the U.S. Commerce Department has found machines widely available internationally that are five times as powerful as the current international export limits.

The report, released Thursday, came just a day after the administration banned some techcology exports to China for violations of an

nology exports to China for violations of an international arms-control agreement.

The finding, which was made by the Bureau of Export Administration, will probably mean the removal of special licensing controls by an international alliance on the export of computers that exceed the performance level of single-processor systems based on Intel Corp.'s new Pentium and Texas Instruments Inc.'s Supersparc microprocessors.

However, U.S. industry representatives said that the department's examination of computer

By Alan Citron

Hollywood these days isn't "Days of Our Lives" or any of the other popular American titles. It's called Sony Corp. of America, and it boasts a dream cast: Michael Jackson, Heidi Fleiss, Woody

Allen, Arnold Schwarzenegger and others too numer

. Those following the serial have been spellbound by

hoped to make a few bocks when it got into the entertainment business by buying CBS Records and

"Suppose you owned those companies and went through the last few months," one top Hollywood

executive said. "Everything that can go wrong has. It'a like Murphy's law."

child molestation against Mr. Jackson, by far the big-

gest star in Sony's constellation, comes with the New York-based division of Japan's Sony Corp. still recling from unsubstantiated reports linking Columbia Pictures to the alleged Hollywood madam Heidi Fleiss.

to the alleged Hollywood madam Heidi Flass.

Before that, industry gossip centered on Columbia's summer film "Last Action Hero," the costly Schwarzenegger opus that was ravaged by critics and ignored by many moviegoers. And before that, everyone was talking about Woody Allen, accused by Mia Farrow of having molested their child just as Sony's TriStar Pictures division was preparing to release his movie "Husbands and Wives." Mr. Allen was later cleared of the accusation.

The string of problems has overshadowed positive

events such as the chart-topping debut of Billy Joel's "River of Dreams," the box-office success of "In the

A police investigation this week into accusations of

Sony Pictures Entertainment

Los Angeles Times Service
LOS ANGELES — The most popular soap opera in

makers in nations oot members of the 17nation Coordinating Committee for Multilateral Export Controls, or COCOM, was too narrow and avoided considering more powerful computers that were about to be introduced or already available.

"This finding is certainly a step forward," said Deborah Waggoner, an expert on export control issues at the American Electronics Association in Washington. "But there is still a lot of fundamental reform that has to occur."

The association said its own research showed that machines exceeding the Commerce Department's performance study were available in ndia, China, Taiwan and South Korea. U.S. computer makers have for years chafed under export-control licensing procedures that

they say handicap them in competing with other countries. According to the Commerce Department, U.S. computer companies in 1992 filed for 8,700 export licenses, worth \$10.2

Line of Fire" and "Sleepless in Scattle" and the

Sony executives declined in comment on Mr. Jack-

son, but sources say the top executives are not taking

part in crisis meetings concerning the superstar. That

may be because most of them are away on vacation.

Financially too, Sony Corp. has had its troubles,

dize his career, which he has managed with a keen business eye. But even they were troubled by news on

Thursday that police were focusing on possible rela-

On the other hand, one source said, Mr. Jackson's

sales may actually go up, if his name is eleared. Another said no one pays any attention in what label

his fans in Japan, he is practically a deity.

without it suffering some damage."

tions with four youngsters.

44 percent stake in Castle Rock Entertainment.

censes in be exported if they are capable of second, or 12.5 MTOPS, But the Commerce Department study found computers available with capabilities up to 67 MTOPS.

The American Electronics Association said its study had found computers available that reached 210 MTOPS.

However, a Commerce Department official said that the agency had carefully followed the guidelines of the Export Administration Act in preparing its review.
"We have a great deal of sympathy" with the

industry's position, Steven Goldman, director of the department's office of foreign availability, said. But, he added, "we aren't allowed to look at all at this issue of prospective market

After the Acquisition: Lost in Space, Besieged on Earth Martin Marietta's Cosmic Breakdown Sony Snags the Wrong Starring Roles

By John Mintz

Washington Post Service
WASHINGTON — Five months ago, when it bought GE Aerospace for \$3 billion, Martin Marietta unusually good terms Sony extracted for the sale of its Corp. was widely praised as brilliant and forward-thinking.

Now, some are calling it other things.

The GE Aerospace factories that recently became part of Martin Marietta were the builders of both of the American satellites that became lost in space in the with net income plunging 48.5 percent to \$71.9 million for the quarter ended June 30, partly because the rise last week - the \$1 billion Mars Observer and a \$100 of the yen made its products too costly in many million weather satellite. Those headline-grahhing breakdowns followed the explosion on Aug. 2 of a Martin Marietta Titan 4 rocket less than two minutes It may be weeks before the full impact of the Jackson case on Sony is known. Those close to the performer insist he would not do anything to jeopar-

after it was launched from a base in California, "This is a real management and image problem for Martin Marietta," said Jerry Grey, director of aerospace and science policy for the private American Insomie of Aeronautics and Astronautics.

"It requires some careful re-examination" by the Those disclosures are all the more troubling for Sony because Mr. Jackson is not only its biggest star company's chairman and chief executive officer, Norman R. Augustine, Mr. Grey said. "There's no ques-oon Congress will have a bunch of things to talk but also a symbol closely tied in the company. Among about" with the company and the space agency.

People with experience managing big companies say Sony's image may take an even bigger beating than its bottom line, especially with the Sony name so well The financial impact on the company will not be known until the causes of the accidents have been determined, but all three contracts contained incentive and penalty clauses. "This is a public company," said one executive.
"But more important than that, it's a brand-name consumer product. So it's a giant deal. You can't have Sony's name constantly bandied about in this way

"There are points in the middle of the night when I say, 'Why us?' Why all three Martin?' " said Noel W. Hinners, chief scientist with the company's astrophysics division in Denver and a former top official of the

National Aeronautics and Space Administration.
"We've wanted so long in get back in Mars," be said, recalling the successful Mars missions in 1976 by the company's Viking spacecraft. "It's devastating," he said. "It's almost like mourning."

say they are unaware of any systematic problem with Martin of the sort found at Morton Thiokol Inc., the company whose faulty rocket boosters were blamed for the explosion in 1986 that killed the crew of the space shuttle Challenger. Martin has a long history of successful space work, including "one of NASA's most successful missions,"

People io the aerospace industry and in space-policy

circles generally call the accidents a coincidence and

the recent Magellan program mapping Venus, said John M. Logsdon, director of George Washington University's space policy institute. Scienusts at NASA's Jet Propulsion Laboratory in Pasadena, California, lost contact with the Mars satel-

lite Saturday; they don't know why. Some people say they think it exploded, others that it is spinning out of control, and still others theorize that it cotered its correct orbit but became unable in send its signals. Most agree on just one thing: We will probably never know what happened. It was on that same day that NASA last heard from

the weather saiellite. There has been speculation that meteorites or space debris collided with either or both

In the case of the Titan 4 rocket, which was carrying about \$800 million of intelligence-gathering satellites, Air Force officials have made a preliminary finding that it blew up because of a "burn-through" on the side of one of its two solid-rocket motors. Martin, whose GE Aerospace purchase made it the

United States' top defense electronics concern, says failures are bound in happen from time to time in such ambitious missions as the 450 million-mile Mars probe. "There will be problems in space," said Mike Smith, president of Martin's Astro Space division. "It's the nature of the business. It's difficult, complex, and we're always pushing the state of the art."

CURRENCY & INTEREST RATES

Eurocurrency Deposits | Cross Rates | Aug. 2705 | Line | Line | D.F | S.F. | S.F. | Yes | Cs | Post | Line | Revised | Aug. 2705 | Line | Aug. 2707 | Revised | Aug. 2705 | Line | Aug. 2707 | Revised | Aug. 2705 | Line | Aug. 2707 | Revised | Aug. 2705 | Line | Aug. 2707 | Revised | Aug. 2707 | Aug. 2707 | Revised | Aug. 2707 | A Clasings in Amsteritoria, London, New York, Tarbulo and Zurich, Richael in other canters:
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1 year 3 h-3 h 5 h-6 h 44-4h 5 h-5 h 5 h-6 h Sources: Restars, Lieyes Bank. Rates opolicable to interbank dep **Key Money Rates** Unified States A.M. P.M. 367.75 367.75 370.05 367.25 370.00 370.30 London New York U.S. dollars per ownce. Landon official fix-lass; Zarica and New York opening and clas-ing prices; New York Comex (Oct.)

GM Sells Group Lotus To Bugatti of Italy

DETROIT — General Mo-tors Corp. said Friday that it had sold its Group Lotus subsidiary and Lotus Cars U.S.A. to the Italian automaker Bugatti international for an un-

GM declined to say if the sale, which came after about six months of oegotiations, had made it a profit GM had bought the British company in 1986 for about \$32 million.

GM used Lotus' engineering expertise for its Adam Ovel subsidiary in Germany and its North American vehicle operations, a GM spokesman said. Bugatti is owned by private

GM confirmed that it had been approached by several concerns since late last year that had expressed interest in the company, including a group 1991.

headed by Adrian Palmer, managing director of Lotus Cars.
In 1990, Lotus pinned its hopes on sales of the new Elan sports car. But the program was scrapped last year because of the car's low sales and high price and GM said the Elan's production line was up for sale.

The only car currently being produced by Lotus is the highpowered Esprit sports car, with annual sales of about 500. The most valuable piece of Lotus, however, is not the com-

pany's car production but its engineering group, which does confidential development work for automakers worldwide. It won a contract this year to put a suspension system in the Humvee, a vehicle used mainly by the U.S. army. Lotus' engineering group carned more than \$50 million in

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Compiled by Our Staff From Despatches NEW YORK - U.S. stocks slipped Friday as a slide in bond prices prompted investors to cash in on the market's gains from its

record-setting August rally. The Dow Jones industrial average, which had set a record closing

N.Y. Stocks

high of 3,652.09 on Wednesday, lost 7.55 points to 3,640.63 on Friday. Declines topped advances by an 8-to-7 ratio on the New York Stock Exchange, Big Board volume was a slow 197 million shares.

The economically sensitive com-ponents of the Dow were hurr by the German central hank's decision not to cut its discount rate Thursday, a move that investors think will hinder growth in U.S. export markets in Europe. Alcoa fell 1 % to 75%, and International Paper

dropped 1% to 65%.

The beliwether 30-year Treasury bond, which had surged 1 1/32 points Thursday to yield a record low 6.09 percent, was down 13/32 Friday. The issue's yield moved back up to 6.13 percent. Traders said it seemed natural

for the bond market to experience profit-taking after the latest stage

The day's rise in interest rates

ly less attractive than fixed-income securities. This was particularly true for stocks like electric utilities and fioancial services, which pay

above-average dividends.

The Dow Jones utilities average fell 0.66 to 524.09, after Thursday's record close of 254.75. Southern Co. fell 1/4 to 44, Texas Utilities fell % to 49%, and Pacific Gas & Electric lost 14 to 36.

Richard Ciardullo, head trader at Eagle Asset Management, said, that against a backdrop of low in-terest rates, sluggish economic growth and rising corporate earnings, Friday's drop in share prices will be viewed by most traders as a mere pause after August's "super

American Telephone & Telegraph leaped 2 to 62%, and Tele-Communications, the oation's biggest cahle-systems operator, gained 1% to 25%. The stocks are higher activities about the outlook amid optimism about the outlook for cable television companies.

AT&T, which recently agreed to acquire McCaw Cellular Communications loc. for \$12.6 hillion, is talking with U.S. cahle companies about linking their customers into one big multimedis network, according to a published report.

(Bloomberg, UPI, Knight-Ridder)

The Dollar's Decline Resumes Against Yen

NEW YORK — The dollar fell Friday against the yen amid sales by U.S. investors and Japanese ex-porters, traders said. The dollar closed at 103.80 year,

down from 104.35 yen on Thursday. Some investors sold the dollar to

Foreign Exchange

test the Federal Reserve's resolve to defend the U.S. currency, traders said. The Fed repeatedly bought dollars with yen on Aug. 19 to prop up the dollar two days after it hit a postwar low of 100.35 yea.

Speculation that the Bank of Japan was readying a cut in its dis-count rate and dollar sales by U.S. investment banks undermined the dollar oo Friday, said Brian Dolan, trader at Dai-Ichi Kangyo Bank. The market is getting a little bit more comfortable selling the dollar against the yen," he said. se exporters also sold dol-

lars in Asian trading in a continu-ing effort to convert their overseas earnings into yen, traders said. Meantime, the dollar ended little changed agaiost the Deutsche mark, at 1.6640 DM after 1.6653 on Thursday, though it may decline further next week, traders said. "With the weak oumbers in the

U.S. and the lack of rate cuts in Europe, the dollar will be a little softer," said Earl Johnson, vice president at Harris-Nesbitt Thom-

son Securities Inc. The Bundesbank surprised many people Thursday when it did not cut German interest rates at its first neeting in a month.

And more evidence that the U.S ecooomy remains sluggish will probably arrive next week, with re-vised data on second-quarter gross domestic product and the unem-

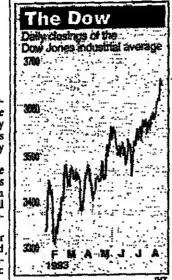
ployment report for August.

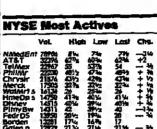
Against other currencies, the dollar fell Friday to 5.8255 French francs from 5.8345 on Thursday and to 1,4685 Swiss frames from 1,4697. But the pound slipped against the Unchromed dollar, to \$1,5050 from \$1,5100.

Devaluation by Poland Poland's central bank devaloed the zloty by about 8 percent against a basket of five currencies Friday

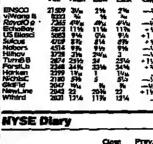
and by 7 percent against the dollar, Reuters reported from Warsaw, to try to boost exports and reduce a \$1.1 billioo trade deficit. Western and Polish economists

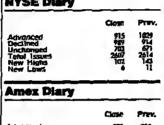
crease inflation slightly but was unlikely to do much damage to Poland's geografly encouraging economic performance this year.

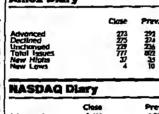












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ABN-Amro Bets on Recovery

AMSTERDAM - ABN-Amro Bank NV said Friday it planned to

issue 20 mallion convertible preferred shares in September to prepare for expansion and an economic recovery.

Its chairman, Robertus Hazelhoff, said the issue was planned in anticipation of a surge in lending resulting from an expected economic upturn in 1995, and partly to bolster capital for acquisitions.

Details will be amnounced later, the company said.

The banking concern said first-half net profit had risen 16.1 percent to 1.021 billion guilders (\$543.2 million), from 872 million guilders a year earlier. It raised its interim dividend to 1.45 guilders a share from 1.40.

U.S./AT THE CLOSE

A Plan to Block NAFTA

WASHINGTON (NYT) — In a blow to President Bill Clinton and the prospects for the North American Free Trade Agreement, the Democratic whith of the House of Representatives said that he will use the resources of the white's effice to oppose the pact.

Representative David E. Bonior of Michigan, who is the Majority Whip and the third-ranking Democratin the House, said in a telephone interview late Thursday that he planned to use the staff, computers and interview late Thursday that he planned to use the staff, computers and office space of the whip's office to organize the opposition. His decision is office to organize the opposition. His decision by the latest step in an unusually public revolt against the administration by a House Democratic leadership that is deeply divided on the merits of the free-trade pact.

Mr. Bonior said that the absence of a Democratic consensus left him free to use the whip's office however he chose. There's no official position in our cancus here—we're free to do what we want." he said. "I feel very strongly that this is not in the interest of workers, either

The whip's office is technically under the control of Speaker Thomas S. Folsy and the White House said Friday that it expected the House

FBI Probe Hits National Medical

SANTA MONICA. California (Bloomberg) — National Medical Enterprises Inc. shares fell as much as 30 percent Friday after federal agents searched its facilities in a criminal investigation of its billing practices. National Medical Enterprises shares plunged \$3.25 to close at \$7.875 on the New York Stock Exchange.

Federal agents searched several of the company's offices and hospitals on Thursday in a nationwide investigation of billing practices at its psychiatric facilities. More than 50 agents served a search warrant at the company's four-story headquarters in Santa Monica, California.

Medicaid Fraud Inquiry Widens

WASHINGTON (Bloomberg) — A federal probe into abuses of Medicare and Medicarid claims widened Friday, as three companies that provide medical tests to doctors said they had been subpoensed.

Smithkine Beecham Clinical Laboratories, in Philadelphia; Unilab Corp., in Hackensack, New Jersey, and MetPath, a unit of Corning Inc. in Teterboro, New Jersey, said they received subpoense from the U.S. Department of Health and Human Services. On Thursday, Allied Clinical Laboratories from the Services and Nichols Institute in cal Laboratories inc., in Nashville, Tennessee, and Nichols Institute, in:
San Juan Capistrano, California, said they were told to expect subpoenas.

Investigators are seeking information about possible false or improper

Medicare and Medicaid claims in the \$32 billion of tests that American doctors order annually.

Chrysler Makes an Offer to UAW

HIGHLAND PARK, Michigan (AP) — Chrysler Corp. gave the United Auto Workers its opening contract proposal Friday as the union neared a self-imposed deadline for selecting one of the Big Three automakers for pattern-setting talks.

Tom Gallagher, Carysler's vice president of employee relations, said the offer provided "the base for a workable agreement." But Stan Marshall, a LIAW vice president, said Chrysler's proposal left too little to work with in bargaining.

Chrysler's offer included new copayment requirements for health care

and a longer timetable for new hires to reach pay scales used for current

For the Record

Predential Insurance Co. of America said it would cut about 900 of the 4,700 jobs in the Mirmespolis-St. Paul area by 1995 as part of reorganiza-tion of its regional group ficalth insurance operations. (Bloomberg) Northern Telecom Lat.'s long-term senior debt rating was lowered to A2 from Aa3 by Moody's Investors Service. About \$1.6 billion of debt is affected by the downgrade.

(AFX)

For investment information

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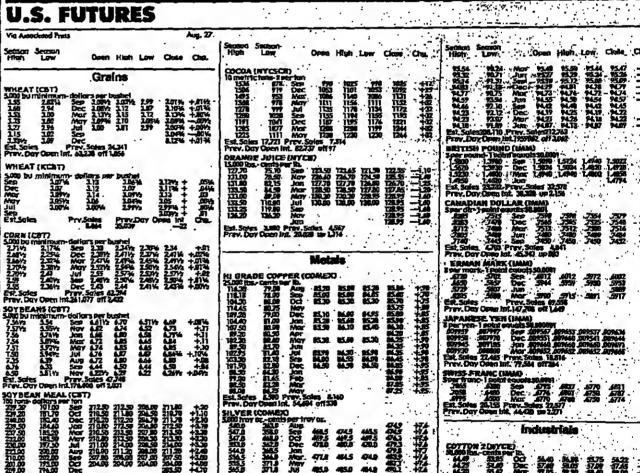
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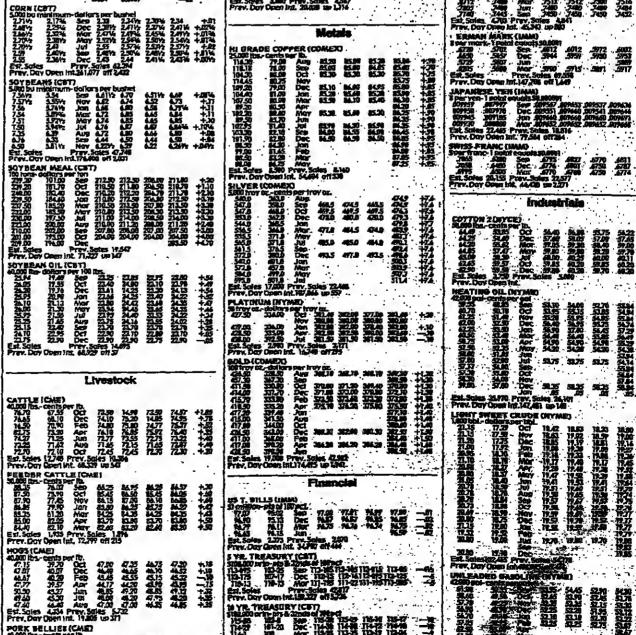
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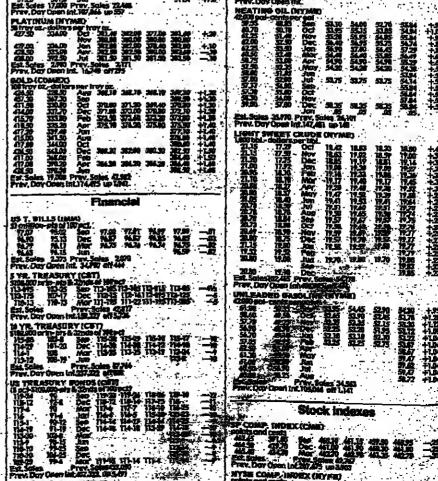
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Ads Cater to Wary East Germans Just the Facts, Please, in a World Without Yuppies

By Rick Atkinson

DRESDEN - He stares at you with a face that invites you to stare back: pursed lips, shaved head and — most intriguing in nearly all-white Germany — black skin. The caption above the photograph reads simply, "A Saxon."

This advertisement for a local newspaper Into advertisement for a local newspaper in the state of Saxony in Eastern Germany won national advertising honors recently because it potently conveyed two messages.

The first is that, despite zenophobic violence, there is a rightful place in German society for minorities such as Sam Njankono.

Meffire, the 23-year-old policemen born in

Saxony whose face graces the ad: The second is that there is something unique about the formerly communist East something to be proud of, something only a local paper can fully understand. With such unabashed parochialism, the ad reflects attempts to figure out what makes East German consumers tick-

The answer, advertising and marketing ex-ecutives say, is that a new brand of consumerism has developed in the East. Three years after their abrupt conversion from socialism to capitalism, many Easterners have long product was superior simply because it was made in the West. Many ad campaigns now attempt either to exploit a resurgent pride in things. Eastern or to care to demands for direct, informative pitches without the slick vencer of Western sophistication.

1990, there was an assumption by some marketing experts that advertising was hardly necessary. Demand was so great in the five new Eastern states that Western products sold themselves.

Rejoining a country where consumption is

Club Cola, a survivor from communist days, reappeared with the alogan: 'Hurrah, I'm still alive . . . Club Cola. Our

a national passion, the 16 million Easterners

went on buying hinges.

They bought insurance policies that were unnecessary, or they paid 60 percent more for a used car than we were paying in the West," said Peter Haller, co-owner of Serviceplan Advertising Agency in Munich. "Now they're disappointed and skeptical."

since outgrown the naive presumption that a Along with a new warmess, Eastern consumerism shows a new complexity. A report published in May by the Heinrich Bauer marketing firm noted that Easterners wanted ads that were exact, informative and "abso-lutely credible" — but they do not want to be

accommodate these sensibilities. One approach is called "ad splitting," peddling the same product with different pitches in different

The insurance concern HUK-Coburg, for example, developed a plain-print ad for Eastern Germany that contained 10 paragraphs of information and detailed instructions on how to contact the company. A correspond-ing HUK ad in the West showed a yuppie couple surrounded by bourgeois trappings, along with two sentences of information and the casual notation that the firm could be found in any phone book.

Other campaigns try to capitalize on resurgent Eastern pride — a growing nostalgia for the good old East — or the resentment many feel toward their Western cousins. Club Cola a survivor from communist days, reappeared with the slogan: "Hurrah, I'm still alive... Club Cola. Our cola." Juwel cigarettes, now owned by Philip Morris, produced an ad declaring, "I smoke Juwel because the sun still always rises in the east."

Both ad-splitting and "buy Eastern" appeals can be tricky. Ninety percent of those surveyed in one focus group last spring rejected the need for special advertising, which was seen as a discriminatory affront.

"They notice if you have one campaign for the 'stupid ones' in the East and a different campaign for the 'sophisticated ones' in the West," said Thomas Heilman, managing di-rector of Scholz & Friends agency in Berlin.

Bundesbank Reassures on **Interest Rates**

FRANKFURT — The Bundesbank's chief economist, Otmar Issing, said Friday that he expected inflation in Western Germany to slow noticeably, and indicated interest rates were still headed lower.

"Prices are dropping slowly but are moving in the right direction," said Mr. Issing, who is a member of the central bank's directorate.

West German inflation, at an anmual rate, slowed in 4.2 percent in August from 4.3 percent in July, according to the Federal Statistics

But Mr. Issing stressed in an interview on German television that the annual rate, measured over the past three months, had dropped below 3 percent, and he said this was a positive development. There is good reason to be opti-

slowdown in the growth of German wage costs.
The Bundesbank's medium-term

inflation goal is 2.0 percent. Despite his optimistic stance on inflation, Mr. Issing would not be drawn on the timing of another German interest-rate cut. The central bank left its leading discount and

percent and 7.75 percent after Thursday's central council meeting

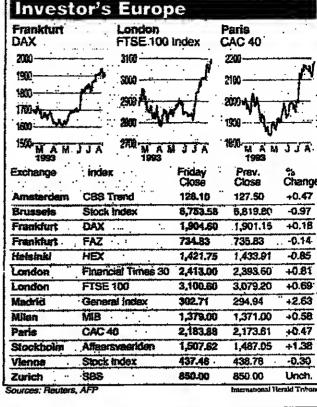
"In the current situation in West Germany, in the recession, the di-rection of monetary policy moves is preset. Open is when and at what time we take the relevant steps," Mr. Issing said.

He said one reason for the Bundesbank's inaction Thursday was a concern over the strong growth in M-3 money supply last month. July's M-3 expanded at an annual 7.5 percent rate from its fourth-quarter base, compared in a 7.0 percent rise in June.

But Mr. Issing said the July figure appeared to be no great cause for concern, because it was swollen by short-term economic credits. particularly for investment in Eastern Germany.

mistic about inflation develop-ments," Mr. Issing said, citing a Friday fed liquidity into the money market at 6.9 percent, slightly higher than the rate of 6.8 percent at the previous repurchase tender. But most money-market dealers considered the move merely a technical one aimed at loosening a tight

> (Knight-Ridder, Bloomberg, Reuters



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Very briefly:

 A Milan court confirmed the seizure of 500 billion lire (\$312 million) worth of assets of former executives of Montedison SpA, the debt-laden agro-industrial and chemical group; those involved are Giuseppe Garo-fano, Carlo Sama, Arturo Ferruzzi, Roberto Magnani, Romano Venturi and the estate of Raul Gardini, who committed suicide in July.

• SCA AB said net profit for the six months to June 30 grew sevenfold to 386 million kronor (\$47.3 million), and that it would sell 1.4 billion kronor of new shares to existing holders to help finance a 3 billion kronor nvestment in graphic-paper production in Britain, Sweden and Australia

 Zeneca PLC, the pharmaceuticals spin-off of Imperial Chemical Industries PLC, said it had won approval for British general practitioners to prescribe its Zestril drug for the treatment of congestive heart failure.

· Kauthof Holding AG, a German retailer, said it expected 1993 group net earnings to exceed 1992's 224.4 million Deutsche marks (\$134 million). · Karstadt AG, another German retailer, said sales and profit during the first balf were below expectations and it saw no improvement in the AP, Bloomberg, Reuters, AFX

KOHL: Bonn Officials Suggest Germany Won't Drop Trade Agreement

Continued from Page 1

has promised to come up with new proposals

next week to address the dispute. In Geneva, GATT said that its general director, Peter Sutherland, would use coming meetings with Mr. Kohl and Mr. Balladur to seek support on concluding the Unigury Round.

Mr. Sutherland is to call on the German economics minister, Gilnter Remodt, and the foreign minister, Klaus Kinkel, on Tuesday before addressing the Federation of German Industry that night. He is then to meet Mr. Borchert and Mr. Kohl on Wednesday before traveling to Paris to meet Mr. Balladur on Sept.

It was not clear whether Mr. Sutherland would see Foreign Minister Alain Juppe of France, who has called for modifying Blair

■ Paris Heartened by Talks

Aides to Mr. Balladur, who left Paris for a weekend at his summer home in the French-Alps, said an important corner had been timed in the prime minister's talks with Mr. Kohl; Reuters reported from Paris.

Something very important happened yester-

choice. Otherwise there will be a crisis, and the deal to reduce farm supports that was struck at

Germans don't want a crisis." The French Foreign Ministry called the meeting between Mr. Balladur and Mr. Kohl meeting very positive. "It showed once again the solidity of Franco-German relations and the willingness to find common solutions to problems," a ministry spokesman said.

The consensus in the French press was that Mr. Balladur had won important concessions from Mr. Kohl. The daily Le Monde said Mr. Kohl had "made a conspicuous gesture to make Europe's return from holiday less alarming."

Luc Guyan, head of France's biggest farm union, known as FNSEA, was cantious, "It's a positive first step, but it's not enough because we must convince our other EC partners that the Blair House accord has to be renegotiated, be said in a French television interview.

Concern in Washington

Lawrence Malkin reported from New York: In a statement attributed to a senior trade official, the office of the U.S. trade representative, Mickey Kantor, said "it is unclear to us at this time" whether Mr. Kohl's statements in Berlin meant that the European Community ing progress and the stage was finally set for a was considering a change in its support for the trade agreement. I hope it's still on." Berlin meant that the European Community

"The EC must r: ognize that Blair House was, itself, a painful compromise and that many U.S. farm groups would like even deeper cuts in EC subsidies," the brief statement said. "Reopening this issue poses the serious risk of unraveling the Uruguay Round and reviving the oilseeds dispute. We feel certain that the EC will live up in its agreements."

Independent U.S. trade experts suspected and even hoped that Mr. Kohl might have said one thing to mollify Paris while maintaining his support for the compromise. Nevertheless, said Gary Hufbauer of the Institute for International Economics in Washington, "I had a sort of sinking feeling when I read it in the papers this

morning."
He said that American agricultural interests
"the best of a bad deal" were only able to get "the best of a bad deal" out of the compromise, and if it came apart were certain to push for a faster phasing out of agricultural subsidies than the present period of six to eight years.

"This would be a bone in the throat of the agricultural community," he said. "After the Tokyo summit, we thought we were really mak-

2d Brewer Recalls Bottles Made in Dutch Factory

Compiled by Our Staff From Dispatches LIESHOUT, Netherlands -A second Dutch brewer said Friday that it had found glass splinters in bottles of export beer, and that the bottles had been made in the same factory as those re-

called Thursday by Heineken. Bavaria BV said it had found the splinters during a quality-control check and was withdrawing 2.2 million bottles from sale in France, Italy, Spain and Britain, About half of the affected lot had not yet left Bavaria's warehouses.

The bottles are made by Vereenigde Glasfabrieken de Schiedam, a Dutch company majority-owned by Groupe BSN of France.

BSN shares dropped 12 francs to 916 in late Paris trading. The Dutch news agency ANP

quoted the Dutch company's managing director, Jan Willem van Bussel, as saying it had warned two other brewers, Grolsch NV and Oranjeboom, about bottles delivered in them.

Earlier in the day, Heineken NV, the world's second-largest brewer, had said it would demand that Vereenigde Glasfabrieken meet all costs of Heineken's withdrawal of 17 million bottles of export brew from eight countries

Small glass chips from a rim in the neck of affected bottles could drop into the beer when bottles are opened or transported, Heineken said, Mainly invisible, the glass shards found in a routine check are unlikely to cause injury, according to Amsterdam's AMC hospital. (Remers, AFX).

IG Metall Seeks Talks on Jobs

Compiled by Our Staff From Dispatches

FRANKFURT — Germany's said, and employers this week said largest union, 1G Metall, called they expected to cut 100,000 more Friday for talks among politicians, over the next few years. auto-industry leaders and union officials on the future of the country's

portant representatives of industry and politics at one table to discuss the problems on the industry," the union's acting president. Klaus Zwickel, said at a news conference. Of the estimated 1.7 million jobs tion rate of 4.2 percent that depended on the German car German consumer prices.

industry in 1991, about 100,000

He also said the next round of wage talks between IG Metall and

have already been cut. IG Metall

employers would be "among the "We would like to meet with im- toughest in history" because of the

Any pay-increase offers of less than 4 percent will be unacceptable, be said, citing a current inflation rate of 4.2 percent in West

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Friday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press	The color The	See
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AS - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; CS- Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - Franch Francs; FL - Dutch Florin; Lit - Italian Line; LT - Lucembourg Francs; Pas - Pessess; SGS - Singepora Dollars; SF - Swiss Francs; Y - Yest A - ested - - Other Prices; N.A. - Pessess; Not Areitable; N.C. - Not Communicated; D - New; S - suspended; SIS - Stock Split; "- Ex-Dividend; "- Ex-First - 9 Other Price Incl. 3% prefin. charge; - Paris exchange Amsterdam exchange; - maqueted sarrier; x-not registered with regulatory authority.

sales facility to market planes would be decided after the creation of the venture, to be known as Avro International Aerospace Ltd. "Within three to five years, many foreign aerospace companies will come to Taiwan to invest because of this project," Mr. Yang said.
The venture will give Taiwan's fledgling aerospace industry a major lift, after Taiwan Aerospace's \$2 billion deal with McDonnell Douglas Corp. to build the proposed MD-12 140 250 -100 270 250 - 10 170 1810 - 10 240 240 - 10 240 240 - 10 Kester S

DEAL: Taiwan Nears Its Goal of Making Aircraft for the World Market superjumbo jet fell through last year. The deal also aims to help British Aerospace spread the risk of aircraft development and production. Continued from Page 1 said the venture's new structure would give it a solid base to finance sales of its planes and undertake future expansion. Details of a lease-

The stock market seemed to like Friday's announcement, bidding British Aerospace's shares up 4 pence, to a close of 452 pence a But some analysts in London remained dubi-

ous about the venture's reaching a conclusion. "Until it is signed and delivered, I would still be skeptical about it," said Nick Moreno, an analyst at the aviation and aerospace consulting firm Avmark Inc. in London. Even assuming the venture is created, some

analysts are skeptical about British Aerospace's long term prospects in the regional-jet business. Sales of its BAc 146 and that plane's successor, the RJ, fell to 21 last year from 27 in 1991, and the company sold only eight jets in the first six months of this year, according to

And competition in that market will only increase. The Dutch plane maker Fokker NV, a unit of Daimler-Benz's Deutsche Aerospace, is preparing to introduce a new plane, the 78-seat Fokker 70, that will compete with the 85- to 115-seat BAe planes.

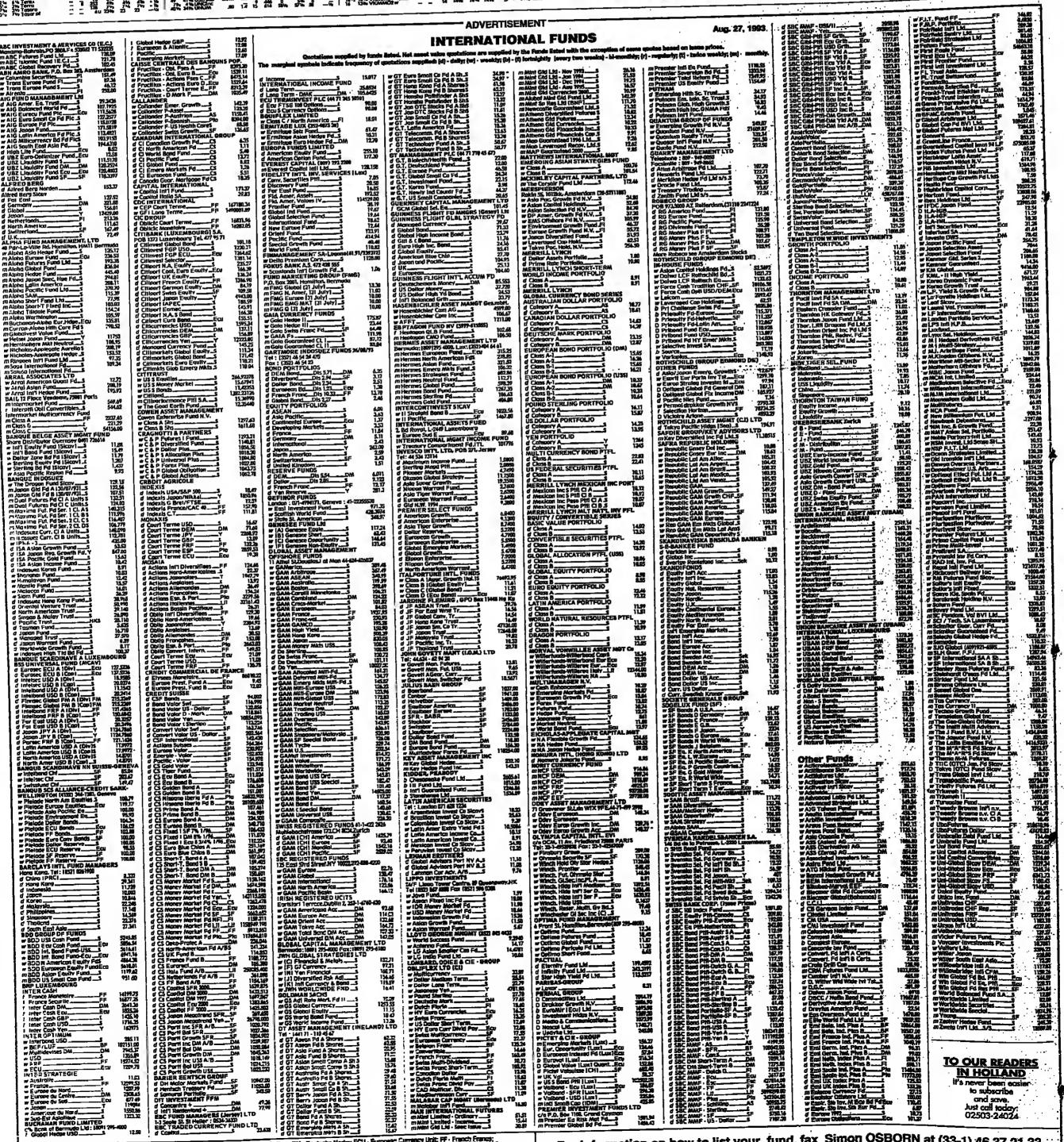
(Reuters, AP, Bloomberg)

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For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.



ASIA/PACIFIC

Sega Hopes to Cash In on Illusion Games Maker Sets Big Expansion in 'Virtual Reality'

TOKYO — Sega Enterprises Ltd. is gam-bling on a bold spending plan while just about everyone else here is cutting back or

The most painful recession to hit Japan in decades has frightened most Japanese companies into delaying new ventures and cutting back on research and development.

But Sega is plowing some of its huge earnings from its computer and areade games businesses — its group net profit surged 147 percent to 30.76 billion yea (\$293.4 million) last year — into R&D, and trying to push back the boundaries of the amusement indusmy in the process.

The 33-year-old company is also breaking some of the unwritten commandments of Japanese business: It is building market share by cooperating with, rather than fighting, foreign companies, stealing top executives from other Japanese companies, and rewarding investors with big dividends.

Sega says its goal is to revolutionize the way people spend their free time. It has arranged a series of links with overseas companies to bring out "missial links with overseas companies to bring out "missial links". panies to bring out "virtual reality" games, a genre that Sega is betting will represent the next big wave in video entertainment.

Virtual reality refers to computer-general-ed environments in which people feel they are moving and interacting with three-dimen-

sional images. Gloves, goggles and sometimes special clothing are used to achieve the effect. "Sega Enterprises will be one of the best mpanies in this market," said Yutaka Sugina, director of research at UBS Securities, adding that it was in the best position to shape the game industry of the future.

The industry is already relatively healthy. Computer-game operators tend to do well

A virtual-reality center in Las Vegas will offer simulated undersea

diving, car races and airplane doglights, among other adventures.

when consumers worry about their spending, as visits to amusement parks and game arcades look economical when compared with skiing trips or other major vacations.

And as the business booms, Sega forges ahead. "Virtual and," a virtual-reality center

at the Luxor resort in Las Vegas, will open next-year in a partnership with Circus Circus Inc. Games planned for the 20,000 square foot (1,800 square meter) facility simulate undersea diving, car races and airplane doglights among other adventures.

Sega hopes to build 20 such facilities across the United States by the end of 1995, accord-

ing to the Nihon Keizai newspaper. There are a few clouds on Sega's otherwise bright horizon. With 64 percent of its sales from overseas, Sega could feel a pinch from the rise in the yen. And European video buffs aren't taking to Sega's products as quickly as expected, according to Mitsuko Morita, an

industry analyst at Morgan Stanley Japan. But the company also has domestic plans. Sega wants to build a string of 50 computer-generated theme parks in Japan by 1997, each featuring the latest in video gizmos. Each of the centers will generate 3 billion to 5 billion yen a year for the company, according to UBS Securities.

Sega also has a long list of foreign partners in its efforts to introduce virtual reality into theme parks. Just last month, it agreed to license from the aerospace company Martin Marietta Corp. some of the simulation tech-nology that is used in training U.S. troops.

Other tic-ups involve virtual-reality game development with W Industries, a leader in the industry; setting up an interactive cable television channel with TimeWarner Entertainment Co.; and working with American Telephone & Telegraph Co. to link videogame players in different cities.

Taipei Weighs Buying More From China

TAIPEI - Taiwan, seeking to expand trade ties with China and sharpen its competitive edge, is considering a proposal to permit. imports of all semi-finished goods from China, the Economics Minis-

try said on Friday.... A ministry spokesman said the proposal, made by an advisory committee, would soon be submitted to the minister, Chiang Pin-kung.

about 700 items from China, in-cluding semi-finished goods such as machinery components and textile materials as well as industrial raw materials and farm produce.

That figure is expected to jump to around 1,500 items by the end of this year as Tarwan, which has restricted economic contact with China since the end of the civil war in 1949, continues to ease curbs,

now allows imports of said Thomas Chnang a director items from China, in-

"Imports from the Chinese mainland will increase by at least 2,000 more items in the next few years," he said.

Mr. Chang said allowing more imports of semi-finished goods from China would increase the international competitiveness of Taiwan's exporters, and persuade

operations to China.

Opening further to Chinese imports would also cut Taiwan's buge trade surplus with China, which accounts for an increasing proportion of the island's overall surplus, Mr. Chuang said.

Last year, Taiwan had a surplus of \$5.16 billion with China out of two-way trade through Hong Kong

Economic Gloom And Weather Woes Wash Over Japan

Compiled by Our Staff From Dispatches

TOKYO - Japan released a series of economic reports Friday that were as dismal as the weather. As another typhoon poured torrential rain on the country, employment data showed job opportunities continuing to shrink, inflation edged up to almost a one-year high and retail sales declined for the 14th consecutive month.

Although the July jobless rate was 2.5 percent, the lowest among economic powers and unchanged for three months, the jobs-to-applicants ratio fell to 0.72 from 0.74 the previous month, meaning there were only 72 jobs for every 100 applicants. It was the lowest ratio since August 1987.

Without adjustment for seasonal factors, the number of unemployed people in July totaled 1.59 million. unchanged from June but almost 20 percent more than the 1.33 million total a year earlier.

Prime Minister Morihiro Hosokawa, speaking in parliament, promised measures to expand gov-ernment subsidies to smaller companies so that they could retain

Meanwhile, consumer-price inflation in the Tokyo area accelerated to 2 percent in August from a year earlier, the highest since Sep-tember 1992. Prices in July rose a revised 1.6 percent.

Fresh vegetables led the rise, leaping 40.3 percent from a year earlier because of crop losses to a series of typhoons and cool summer weather

Core inflation — the consumerprice index minus fresh-food prices fell to a 1.1 percent annual rate in August from 1.4 percent in July. The economic slump has helped push down prices of durable goods, textiles and processed food.

Japanese retailers, whose sales year earlier, to 2.079 trillion yen

ternational Trade and Industry said. The drop was steeper than the sales declines of 4.8 percent in June and 3.9 percent in May.

(\$19.83 billion), the Ministry of In-

(Rewers, AFP)

Offer Price Forecast for Japan Rail

TOKYO - East Japan Railway Co. shares, which will be publicly listed in October, will be priced Monday, and brokers said Friday that the strong response to their sale might revive the stock market.

Brokers expect the offering price for JR East to be around 379,800 yen (\$3,622), the weighted average of all the bids accepted in an auction of shares early this month.

On Thursday, Japan Na-tional Railway Settlement Corp., the state-owned body which currently holds all JR East shares outstanding, said bids had ranged as high as 623,000 yen. But brokers said 379,800 ven was close to the limit most investors were will-

Investor's Asia Singapore Straits Times Hong Kong Tokyo Nikkel 225 17000 Exchance Clase 7,422.98 7,449.08. Hang Seng Singapore 2,007.92 2,010.19 Straits Times All Ordinaries 1,948.50 1,941,50 Sydney 20,791.68 20,591.80 +0.97 Nikkai 225 808.49 Kuala Lumpur Composite 811.78. +0.08 982.53 981.77 695.74 -1.42 Weighted Price 3,919.96 3,984:67 -1.62 1,769,22 -0,19 409.67 405.56 NZSE-40 1,898.50 1,993.58 +0.25 National Index. 1.256.60 1.254.00 -0.27.

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Very briefly:

Matsushita Electric Industrial Co. called 4,000 senior managers to an extraordinary meeting Sept. 4. Japanese press reports said the strong yen and the slump in the consumer-electronics industry would be discussed. The Tokyo Stock Exchange fined Cosmo Securities Co. 25 million yen (\$238,400) for stock-trading practices that led to a loss of about \$700

PT Astra International said after-tax profit rose 50 percent in the first six months. The automotive and industrial concern's shareholders also approved the nomination of Abdul Rahman Ramly, a former ambassador to the United States, as its chairman.

million and a bailout of the company by Daiwa Bank.

China and Thailand signed 12 commercial agreements valued at \$1 billion during Thai Prime Minister Chuan Leekpai's visit to Beijing.

Mitsubishi Motors Corp. will stop supplying one-ton pickup trucks to Chrysler Corp. next year because of higher prices on the Mitsubishi vehicles caused by the yen's sharp rise.

Nippon Credit Bank, Sumitomo Trust Bank, Long-Term Credit Bank of Japan, Mitsui Trust Bank and Sumitomo Life Insurance said they would cut their long-term prime rates to a record low of 4.8 percent from 5.0 percent, effective Wednesday.

AFP, Bloomberg, Reuters

Japan to Act

On Satellite TV

TOKYO - Japan is considering easing curbs on satellite. casting as part of the new coalition government's drive for. economic deregulation, the posts and telecommunications minister said Friday.

Takenori Kanzaki said his ministry was considering allowing Japanese telecommunications companies to use various commercial satellites. At. present, they may use only satcilites owned by Intelsat.

FORTUNE: Stakes in Shanghai

2:000 more seats, which will bring

The draw Saturday will be followed by several more this year, and similar lotteries will be organized in cities and provinces across China. About 50 billion youn in new stocks will be issued during the

The present lottery system was devised after several embarrassing

failures that threatened to derail China's experiment with stock markets.

Shanghai priced last year's lottery tickets far too bigh, and so few were sold that they virtually guaranteed holders the right to buy cutprice stock on the primary market. The result was that tickets bought for 30 years were changing hands on the black market at up to 30 times their face value.

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INDIA: Liberating the Economy

Continued from Page 9 effort to extend the safety net to the

very poor, output growth stayed ad of the population explosion and mass famine became no more than an ugly memory. That is not saying much, though, in comparison with the economies

of East Asia, "It was not a disaster," Stanley Fischer, former chief economist at the World Bank, said. There were inklings of change in the mid-1980s as the administration of Rajiv Gandhi responded to complaints about red tape and the

material yearnings of the middle class. In fact, the decade of the of any since independence. tainable. Ballooning budget defi-cits, accompanied by mounting for-cign debts, forced India to seek help from international lending agencies. The price exacted by the World Bank and the International Monetary Fund was a commitment

by India to tighten its fiscal belt. Fiscal change has been comple-mented by free-market reforms.

The licensing system has been abolished. Foreign business and technology are welcome. Businesses have access to imported equipment if they can raise the rupees to buy the foreign currency. And the gov-ernment has declared it will shrink the public sector to Western scale.

As in Russia, change is generating losers. Mr. Fischer worries that the gradual pace will give the enemies of change a chance to regroup. Selig Harrison, a senior associate at the Carnegie Endowment for Inter-1980s had the highest growth rate national Peace, fears that a rapid transformation will leave the rural poor behind.

But Mr. Bhagwati is confident that the momentum for change is nearly unstoppable. If he is right, the future looks bright: the 7 percent to 8 percent growth rate enjoyed by the Asian miracle economies is possible.

BHP: Australian Conglomerate Looks Afar for Growth

Continued from Page 9

dollars on sales of 16.7 billion dollars, a rise of 132 percent from the year earlier.

Excluding exceptional items, the profit increase was a more modest 20 percent, to 991 million dollars. Nonetheless, analysts are generally impressed by BHP's strong balance sheet, growth potential and ability to make money at a time when prices for many of its basic products are depressed.

Mr. Prescott said that in the next few years the company expects to benefit from a cyclical upturn in

He added that this would be "reinforced by an increasing number of major capital projects in all our core businesses — steel, minerals and petroleum."

Shortly after the annual results were announced on June 25, Bruce Rolph, equity research analyst in the Sydney office of Salomon Brothers Inc., advised clients to buy shares in BHP, saying the group offered

Other foreign and local brokers were also bullish on BHP. Since June 24, the stock has risen by more than

Brokers reported strong institutional buying from the United States.

James Brown, an analyst in the New York office of Morgan Stanley & Co., said be expected BHP to report average annual earnings gains of 23 percent

through 1996. Mr. Rolph said Friday that the sharp rise in in BHP stock in recent weeks made it less attractive as a shortterm buy. "But if I take a six- to 12-month view and longer, my analysis is still as strong and enthusiastic as

was," he added. He said petroleum would become an increasing important contributor to BHP's earnings, probably rising to 44 percent in 1994-95 from 34 percent in 1992-93. In the same period, he said, steel's contribution would likely rise to 23 percent from 18 percent, while minerals would fall to 33 percent from 48

percent. be underpinned by 14 new oil and gas projects starting production over the next three years in Australia.

15 percent.

In Australia on Friday, BHP shares closed at a reserves in the North Sea and the Irish Sea off Britain, record high of 16 Australian dollars, up 22 cents.

For example, the company has extensive gas and oil reserves in the North Sea and the Irish Sea off Britain, through its Hamilton Oil PLC unit.



| 16th | 14th | PGEPril | 1.09 | 47 | 2 | 16th | 27th | 27

Lower Interest Rates **Euphoria's** Aftermath: Falls in Fall?

HE world's markets are rejoicing. In the United States, Canada, the United Kingdom and Spain, new stack index highs have been achieved this week. The party is being thrown to celebrate the triumph of one sector of democratic capitalist society (namely the untrammeled forces of capitalism, the markets themselves) over another (the cental planners and the bureaucrats).

That, in essence, was the conflict so deciin devaluing the exchange-rate mechanism to a meaningless sham. The ERM is now little more than a convienient political fiction, or perhaps a nice little job creation cheme for people who serve on committees. As the equity markets see it, the foreign exchages have done them a double favor. First, individual countries find themselves in charge of their own monetary policies once more. As such, they are no longer in thrall to the scarred German psyche, which fears inflating above all else. So the rest of Europe can now lower interest rates.

The second favor is the symbolic one: The triumph of the market forces. The notion of planned economies had always made market makers nervnus. Anyone (market gurus, gov-rament economists and financial journalists included) who tells you he knows what will bappen tomorrow is a charlatan or a [col. In financial life, certainty is at best a disease; at worst it is grounds for criminal charges. So now we have a celebration of incertainty, as equity markets around the world sing bosannas in praise of pure capi-

Which might well make you very nervous indeed. Even though the breaking of the French franc's back on the rack of the ERM howed that the markets are capable of ignoring fundamentals for a while, sooner or ater somneone in the market is going to lecide that U.S. interest rates may be set to limb, or that the confidence in a U.K. acovery is misplaced.

Again, maybe it's just a question of the fall being a had time for shares. Or perhaps it's he widespread good feelings that make this column nervous. To steal a J.K. Galbraith hrase: Euphoria comes before a fall.

By Digby Larner

Force Tough Choices

THAT's in an interest rate? The answer would seem to be quite a lot, judging from the manic manipulation of short, medi-um- and long-term rates by governments and central banks. The intennon behind the dramatic falls and rises in interest rates has usually been to persuade the foreign exchange markets to buy one currency rather

But the governmental and banking authorities have been singularly unsuccessful in their attempts to control foreign exchange rates. Part of that failure can be ascribed to trates. Part of that failure can be ascribed to the markets' paying little attention to what are often perceived as panic measures. And another reason, according to central bankers at a recent seminar of the U.S. Federal Reserve, is the popularity of money market funds. The vast amount of capital in these funds has detracted from the central banks' leverage on their economies, say bankers leverage on their economies, say bankers. Thus, the hankers biggest weapon, interest rates, is not as powerful as it once was.

Whether or not that theory really works, the individual investor has a much more concrete idea of what's in an interest rate: income. Lower interest rates may be what the world economy needs but they can cause problems for people relying on investment for their income.

When rates are high, many savers simply place their money on deposit with a bank or a fund manager's money market fund, and use the interest as income. Such accounts normally offer the added benefits of easy access and low capital risk.

But when interest rates begin to fall, income investors appear to face several choices. One is to leave their money where it is and reduce their income expectations. Otherwise, they can supplement their income with chunks of capital—the very thing they chose a deposit account to avoid — or move into a riskier investment offering the chance of bigger returns. This latter option can be less frightening than some risk-averse investors might think.

The range of alternatives outside deposit accounts broadly includes equities, bonds and cash. There are, of course, plenty of pooled funds on the market for those who prefer not to put together their own income portfolio. Many of these promise to deliver higher income yields than standard deposit its plus some impressive capital gains.

The downside is that things can just as easily turn sour. Deposit accounts are full of investurs whose fingers were burned in the 1987 crash and who do not wish to repeat the

Sheenagh Gordon, head of marketing with Prolific fund managers in London, says that a well-managed income fund should be able to avoid most pitfalls. "We entered the retail market in 1974 with a high-income unit trust." sbe said. "Of course, we were hit in 1987, the same as everybody else, but in spite of that, we managed to achieve 18 years of unbroken income growth."

She added that one of the problems managers bave faced in the British market during the last few years has been a trend toward dividend cuts. "We have mitigated against that," she said, "by including convertibles in our portfolio offering a high fixed yield."

UT she admits that with a more conservative income fund, yields can be less than deposit accounts even when interest rates are historically lnw. When you look at the average yield on our fund, it's around 4 percent," she said. "The important thing to remember is that this figure is only relevant when you initially invest. We've had plenty of capital growth, too, so someone who invested with us when the fund was launched in 1974. would now be seeing income in excess of their original investment."

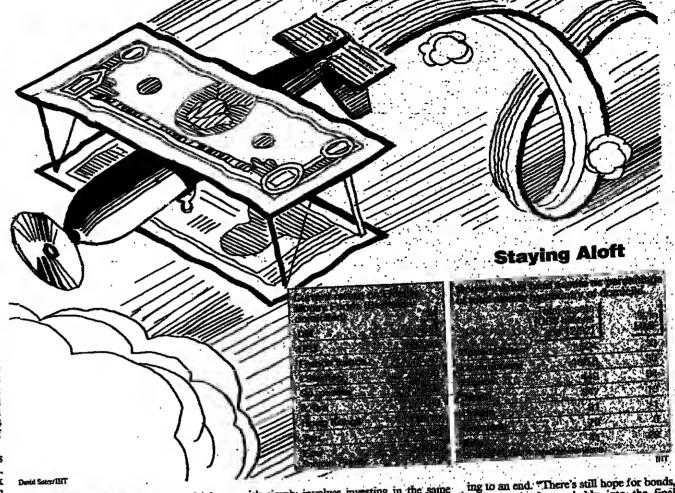
With some high-income funds investors need to make sure they read the fine print, While the yields they promise can often look impressive, these can sometimes be fed from the capital itself. If the manager fails to deliver the promised performance, capital can quickly be eaten up.

Long-dated international bonds, said Ms.

Gordon, are also a good play when interest rates are falling. "As rates come down, the capital value of bonds increases, so you can improve your income and your capital." She said that South African and New Zealand bonds have been offering impressive returns recently and that bonds generally may still have some way to go.

Jeremy Beswick, an analyst with Clerical Medical International in the Isle of Man, also favors bonds but believes investors can improve their income without taking on more risk if they put together a portfolio of short-dated bonds. He said:

Bank deposit accounts are usually invested in the short-dated bond market. There's nothing to stop private investors doing ex-



actly the same thing. By moving out further than the banks in terms of maturities, you can achieve a better rate without necessarily taking more risk."

He said these bonds tend to offer a higher yield because traders err on the side of cau-tion when considering future inflationary trends. Volatility only starts creeping in, he said, on maturities of more than seven years. By putting together a bond portfolio of stocks dated somewhere between zero and seven years, investors can often build income yields higher than the underlying base interest rate of the currency they are invested in.

International investors buying bonds need to be wary of any currency risk. A dollar investor may be tempted by a 9 percent yield in Deutsche marks but, as the recent ERM turnoil shows, such gains can turn into losses with frightening speed. Avoiding this

risk simply involves investing in the same currency in which the income is drawn.

Shearson Lehman equities analyst Joe Rooney has a different approach. He believes that even income investors should avoid regarding income as their sole objective. There are, he said, plenty of short-term capital growth opportunities in equities to make up for lost income as interest rates fall.

"As rates come down, equity markets tend to revalue," he said. "It's what happened in Britain. The revaluation there is probably. complete now but there are other markets that still have to go through it. Spain, France and Switzerland are certainly worth taking a look at. People could shift their money into these markets now and probably some time next year move out again and take any.

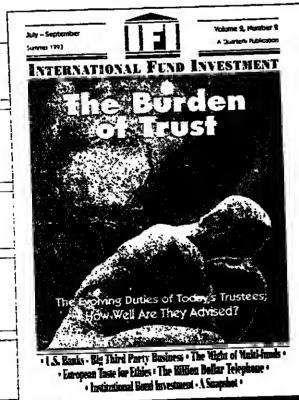
He also agrees there is some potential in the bond market but says this may be com-

but now they're probably into the final stages of a fairly long buil market in Enrope."

For income investors who find such forays into bonds and equities too nerve-racking, cash funds offer one more pooled investment alternative for those seeking income. These often provide an excellent way for relatively small investors to gain near money market jates minus a small management charge.

In Britain, Fidelity's cash fund offers a yield of 5.4 percent on a minimum of £1,000 (\$1,500) investment even though the British base interest rate is currently at 6 percent. Some cash funds are also adding other benefits normally offered by banks like check backs and automatic saller machines. Better books and automatic teller machines. Better still, they are frequently available in a range of currencies.

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Traveling on the Hole-in-the-Wall Plan

International Herald Tribune

EWS from Europay In-ternational, which has announced the establishment of a further 800 Automated Teller Machines (ATMs) in Italy this summer, was not in itself remarkable. Almost non-news, you might say. But looked at as part of a broader picture, that relatively unimportant statistic is part of a story that tells us that traveling consumers (alias tourists) are discovering a simple truth; ATMs are better value, simpler and quicker to use than travelers checks.

The 800 Italian ATMs are CIR-RUS machines, part of the huge network (including Eurocard-Mas-terCard, Maestro and eurocheque) that Europay International owns after a series of mergers. The firm also has 7,600 eurocheque ATMs and 4,816 Eurocard-MasterCard ATMs in addition to its new CIR-RUS machines. And that's just in RUS machines. And that's just in ATM even if the ATM by American Express. It's a secure way to carry money.

Italy.

Consider Visa, the main Euro-card-MasterCard rival for ATM dominance in Europe and worldwide. Last year, according to Visa ATM is going to be rude to you and statistics, there were 49,000 Visa pretend it can't understand your ATMs in Europe. Worldwide, there

were 114,000 holes-in-the-wall ready to accept Visa cards. A fur-ther 79,800 ATMs in the linked Plus network were also available. Both ATM networks are expanding

all the time.
The advantages of using a plastic card are clear. The ATM is open 24 hours a day, the line is often shorter than that in a bank when you want

to cash a check, the exchange rate is almost invariably better than that

Why is it that thousands of tourists around the world are expected to pay for goods and services with cash and travelers checks? Both, it could be argued, are increasingly outmoded forms of money.

doesn't speak your language (most offer English plus the vernacular; some offer a choice of languages), there's absolutuely no risk that the ATM is going to be rude to you and magnetic stripe.

way to carry money."

But so, of course, is plastic. All you have to do is inform the card companies and any transactions processed after your call will not be debited to your account (sometimes after \$100 or so).

So, why is it that thousands of Cash, for all its security draw-tourists around the world are ex-backs, is still an essential for the pected to—and still do—pay for traveler. Ask anyone arriving in a goods and services with each and small country late at night: Few travelers checks? Both, it could be Nicaraguan cab drivers take Visa. argued, are increasingly outmoded But lose your notes, or have them forms of money.

"With a travelers check, what until the insurance claim is settled." you're buying is essentially an insurance policy," said a spokeaman obtain the notes in the first place
for American Express. "If your you'll probably have had to pay an
checks are lost or stoken, they will extortionate over-the-counter exchange rate, as is the case with travelers checks. Nevertheless, cash

> So why do we still buy travelers checks when they have so relatively little to recommend them? "It's a conscrvative way to carry

is still a must.

money," said the American Ex-press spoksman. "If you look at the numbers of transactions involving cards inserted into international ATMs, you'll see a very low level of usage. That's down to a number of factors: Consumers aren't sure if the machine will take their card, if they are scared of losing it, and being unable to reclaim it if they don't speak the language; there's the fear of technology - a whole host of associated reasons

But are they valid reasons? And are these rhetorical questions?

BRIEFCASE =

Emerging Market Gulde: Exotica and Opportunities

Seekers of investment exotica - and high yields - may want to check out a new publication that identifies fixed-income opproduction that identifies fixed-income op-portunities like Moroccan government paper yielding 10.5 percent, tax-free. The Emerg-ing Bond and Money Market Guide covers some 60 emerging and pre-emerging mar-kets, ranging from Swaziland to Argentina.

A typical country review includes market conditions, interest rates and availability of government paper and corporate bonds, plus inflation and tax rates. A brief rundown of recent political events and the government's relations with such entities as the World Bank and the International Monetary Fund is also included. The guide does not offer investment advice, but for those adventurous enough to investigate further, it indicates ease of foreign investor access for each country and a contact such as the local ministry of linance, complete with telephone number.

The guide is compiled by Kleiman Inter-national Consultants, Inc. a Washington, D.C.-based emerging markets specialist. It can be purchased for \$125 and annual updates are promised. For more information. call Kleiman International at its Washington number: (1) 202 686 4200, or fax on (1) 202 686 4646.

Deutsche Bank Unit Starts Fund in French Equities

DWS, the mutual fund arm of Deutsche Bank, has launched a new mutual fund investing in medium-size, non-blue chip French equities. The firm predicts an end to the downturn in the French economy this year, with a resulting increase in levels of corporate profitability that will in turn

translate into higher stock prices. Others might say that the Paris Bourse has already discounted some of that recovery in its buoyant share market, but that one of the best reasons to invest might be a perceived under-valuation of the French currency against the German mark. Falling French interest rates and the long round of privatizations might also be considered favorable factors.

The launch price of the new fund is 80 marks (\$50) per share, including a front-end For further information, write DWS

Deutsche Gesellschaft für Wertpapiersparen GmbH, P.O. Box 10 06 20, 60006, Frankfurt-am-Main 1; or call Frankfurt (49 69) 719

Fleming Plans to Launch **Fund for China investment**

Fleming Investment Trust Managers is planning to launch a fund investing in China late next month. The fund will be a closedend investment fund, quoted on the London
Stock Exchange, and will commit its monies
primarily to shares of companies trading
with and having assets in China that are
quoted on the Hong Kong, Taiwanese and
South Korean markets. A small but increasing percentage of funds will be committed to
stocks quoted on the fleeding Chinese markets (the so far disappointing markets in "B"
shares). A similarly small but increasing part
of the fund will so to Chinese companies late next month. The fund will be a closedof the fund will go to Chinese companies quoted on markets outside China (for example, the recently floated Tsing Tao brewery).

Fleming's Asian arm, Jardine Fleming, which has a seat on the Shanghai and Shenzhen stock exchanges, and U.K. snockbrokers Warburgs will be actively involved in the issue and management of the fond. issue and management of the fund. No details are currently available as to minimum investment level and charging

structure, but it is understood these will be in line with the norms for the U.K. investment trust (closed-end fund) industry.

Offshore India Fund Alms At International Audience

India, once unexplored territory for the international investment community, is now in firmly on the map. British fund manager Foreign & Colonial Emerging Markets is launching a new Indian fund aimed at an international audience. Managed and domiciled offshore to avoid stringent domestic tax provisions, the Indian Investment Com-pany will use a private-sector Indian adviser.

The fund is one of the first to take advantage of a sector only opened up to private companies in the Indian budget of 1992. It will commit monies to medium-size companies the managers believe will adjust more easily to changing governmental policy and are better prospects for growth than the

bissest Indian companies.

The timing is now right, said fund manager Sanjit Talukdar. With successive moves toward full convertibility, the rapee has halved in value over the last few years, and is only now trading at a realistic level.

Stock valuations have also halved from the
extended levels seen in early 1992. Moreover, the Indian economy has been through a painful transition over the last two years and the structurally sustainable cyclical upturn is

only just beginning."

The fund is domiciled in the tax-advantaged location of Luxembourg, and invests through a wholly owned Mauritins subsid-iary to reduce Indian capital gains tax to zero

and dividend income tax to 15 percent. Minimum investment is \$10,000. For more information, call Foreign & Co-Ionial at London (44 71) 628 1234.

THE MONEY REPORT

Tax Consequences on the Sale of Your Home Gain is not taxable. Taxation of gain subject to partitioned is postponed Gain is Loss is tax Loss is not deductible tax deductible CT CEW NOME

Expatriate Dilemma: To Sell or Not to Sell?

By Jack Anderson

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XPATRIATES usually base their decision to acother country on the career and financial opportunities, plus the ability of their families to adapt to a different culture and

* A primary concern that encompasses both financial and emotional issues is the expatriate's home. often his most important single asset. Although many families would like to keep their homes, various factors may require the expatriate to sell before or after leaving the country. Also, some expatriates may decide to buy a home in the host country which will be sold at the end of the assignment.

In all of these situations, the expatriate has questions to answer that have tax consequences. Should he sell his home before he leaves? Or alternatively, should he leave it vacant or rent it? What happens if he fater decides to sell his home? Is he covered by a company policy on housing sales?-How can he keep any gain on the sale of his bome without giving up a substantial por-tion to taxation? How can the important tax traps be avoided? What are the host country rules?

Let's look at the choices and con-

sequences in the hypothetical case of Don Robin, an American oil executive who has been transferred to Indonesia. He cannot immediately sell his U.S. home and innst rent it out until be can later sell. When Don Robin started his as-

signment in Indonesia; he wanted to sell his U.S. home: The United States, bowever, was in a housing recession at that time and there were no buyers to be found, even at a loss. Don balked at the idea of leaving his home vacant and liable cially viable for Don to pay upkeep and mortgage costs on his home

dence (four years for an expatri-

This deferral is repeated with as long as the rules of the game are followed. However, there is an important requirement: The cost of the new residence must be equal to or exceed the sale price of the old

Special tax forms must be com-pleted and attached to the annual favorable rules of other countries. like France, where there is simply an exemption from any tax on the

denied his amended return on the grounds that he did not purchase

under the tax rules. Many of these cases have gone to court; sometimes the expatriate comes out on top, and sometimes the tax collector wins.

taxable, capital gain. Yet, even when this requirement is not comdeferred thanks to the complex def-

There is a favorable tax rule that applies at the age of 55, when a one-time examption from taxation of gain of up to \$125,000 can be clauned. In the case above, the

and pay for housing in Indonesia as, well?	taxpayer is age 55 or over, all of the
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Purchase price of new nome: 175,000

cover part of the housing costs, he able.
still needed financial assistance to Note that the deferral of tax apkeep his U.S. home. Therefore, plies only to a principal residence. Don decided to rent out his U.S. If a sale of a second home or vacabome, thereby earning rental in thou home results in a capital gain, come that would partially cover the it is fully taxable in the current financial burden of maintenance of year.

Fine two-year period in which a depreciation, were enough to new residence must be purchased diset the rental income so that he after the sale of the old residence is

Total gain on sale

property of up to \$25,000 per year, depending on his adjusted gross income level. This can offset any other taxable income he may have after all deductions and credits. The home may become a tax shelter

Don, while being forced to keep his house due to market conditions, was willing to sell it if he could have found a good buyer. However, like most taxpayers, he was only vaguely familiar with the special U.S tax rules that pertain to the deferral of taxation of gain on the sale of a "principal residence." Without deferral, the immediate U.S taxation of the gam on sale is 28 percent! plus state and city income tax. Don knew that if he sold his home at a loss, it would be considered a per-boal loss and not tax deductible. These special U.S income tax rules provide only for the deferral-

of tax on the sam from the sale of a

principal residence if the taxpayer purchases and occupies another

home as his principal residence within two years before or two.

20,000 25,000

45,000

had no taxable income from the suspended while the taxpayer is property.

abroad But this suspension may In fact, he is able to have a tax mot exceed four years from the date deduction for a tax loss from the of sale of the old residence. The suspension applies only to expatri-ates overseas before the end of the normal two-year replacement pen-

It is important to note that this is -a suspension and not an extension of time. Don was enlightened to this fact by a colleague, Morgan, who returned to the United States a

few years ago.

Morgan was transferred overseas before the U.S. housing recession hit and was able to sell his home for a big gain Thinking that his for-

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eign assignment would last longer than four years, he decided to report the capital gain on the sale of his home the same year he sold it. Morgan sold his home in May

1985, four months before he went

After working in Russia for a

year and a half, Morgan returned

to the United States in June 1987.

He purchased a house and closed

on it in April 1989 and moved in

the same day, believing he had one

get a refund for the capital gain be

reported and to roll the gain over to

But the Internal Revenue Service

s new residence.

abroad, on Sept. 12, 1985.

each sale and purchase and can effectively be a permanent defectal residence. Failing these require-ments, the otherwise deferred gain is taxable in the year of the sale. more month to go before his quali-fying replacement period ended. Morgan filed an amended 1985 U.S. income tax return intending to

tax return to defer the gain. This is distinguished from the much more sale of a principal residence with no further requirements.

Renting of the home before sale does not necessarily make it an investment property

As mentioned above, the cost of the qualifying replacement period, the new residence must be equal to Morgan's replacement period cador exceed the sales price of the old ed in February 1989, three months residence, or there is a currently earlier than he had anticipated. When the normally required qualifying period was suspended, he had pletely met, part of the gain may be already used four months of his 24month period. Upon his return to inition of what constitutes a tax the United States, he only had 20 months left in the replacement pemonths left in the replacement pe-

> But Don's story is not finished yet. After several years, Don has now found a "good buyer" for his U.S. home. The question Don is now most interested in is whether home has remained his "princiresidence" for U.S. tax pur-ses, even though he rented it. If be cannot take advantage of rules to defer gain when the old dence is sold. If his old resiace is reconstrued as an "investn property," the gain on sale, ich also includes the significant led-over gain from the sale of or residences, is fully taxable. he fallen into a tax trap by

ting before selling? fortunately, the risk of double me and host country taxation usually be avoided by using amational bilateral income tax aties to eliminate host country ation of the U.S. residence sale. the U.S. tax problem remains.

Renting of the home before sale does not necessarily make it an investment property under the tax rules, but each case is determined separately. Many of these cases have gone to court; sometimes the expatriate comes out on top, and sometimes the tax collector wins.

The cases that were decided in favor of the expatriate, where the rented property retained its principal residence status, were determined by the intent of the expatri-Although Don's company was to. total gain on sale would be nontax- ate and the exceptional and unusual circumstances that made it impossible for the taxpayer to follow through with his intention.

The courts have found two favorable categories of intention: the intention to reoccupy the home af-ter renting it, but extraordinary circumstances made this impossible; and the intention to sell the home. but as unusual circumstances precluded this, it was rented to ease financial burdens.

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principal residence is to move back into it before it is sold. Even if it had been considered as converted to investment property, its status changes back to a principal residence after Don and his family live in it again for a reasonable period of time before it is sold. However, now Don and his family, after several years in Indonesia,

Clearly, the best way for Don to

ensure that his home remains his

like its culture and tropical climate and as he is near retirement, they would fike to remain and buy a house there (a foreign principal residence will qualify for the U.S. deferral rules, but the rules will continue to follow him in the later sale of his foreign residence). Is it still possible for Don's home to retain its principal residence status under one of the above "intention tests" if he doesn't reoccupy it?

An investigation of Don's case demonstrates that he has probably abandoned the property as his per-sonal residence. He has no intention of reoccupying it, as be wants to buy in Indonesia, and there are no "unusual circumstances" that prevent him from reoccupying it. Don has further weakened his case because he tried to sell the home before he started his foreign assign ment, which would indicate that he never wanted to move back into it.

An expatriate who can demonstrate that be never attempted to sell his house, that he rented it to ensure care and maintenance of the building as opposed to making profit, and that he caunot return to his bome because his employer is reassigning him to a different city in the United States has a good case to present to the IRS of intention to occupy his bome. The unusual circumstance preventing him from reoccupying the bome is his reass ment to another city.

Can Don contend that he intended to sell the home, but he could not because of the recession? His proof of this is not solid. He should have continually tried to sell his home during his assignment in In-donesia, instead he rented it without putting it on the market again.

A bit disgruntled upon learning that if he sells his home now it will be considered an investment propcrty and be taxed fully on the capital gain, Don declares that be will move into it in a few months, take his one-time \$125,000 exclusion of gain from taxation when he sells it and then move back to Indonesia.

But to take advantage of the exclusion, three criteria must be met: You must be 55 years old; you must have owned and lived in your home for at least three years in the five-year period that preceded the sale; you must not have excluded gain on the sale of a home after July 26, 1978. Don would have to live in his

house three years before being able to sell it and exclude the tax on his

Finally, Don found ont from a local real estate agency that non-Indonesian citizens cannot own property in Indonesia. He decided to return to the United States where he will again be a homeown-

Jack Anderson is a tax partner of HSD Ernst & Young in Paris.

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Oil Shares Gush on Market Rally

By Rupert Bruce

HE August rally that has seen several equity markets in Europe, North America and Asia hit record highs has touched even the most unpromising industrial sec-tors. Perhaps heading the category of unlikely beneficiaries is the oil exploration and production sector.

Oil shareholders must be looking at this weekend's stock prices with a sense of relief after a summer in which Gholamreza Aqazadeh, the Iranian oil minister, described the Organization of Petroleum Exporting Countries (OPEC) as facing the worst crisis in seven years. From an international perspec-

tive, the British oil sector looked especially vulnerable, yet has recorded a remarkable turnaround. Many stocks fell more than 10 percent from May through July. These falls were mirrored by weakness in the price of a barrel of Brent crude, a key yardstick of oil prices. But despite its failure to rally strongly from its \$2.50-per-barrel decline over the summer period, many British oil stocks are near their re-

cord highs.
It is unusual for the whole sector to be so unsettled, but it is not so rare for individual exploration and production stocks to oscillate. The quality of such stocks is variable: Some meet the most stringent of conservative investment criteria. others are for gamblers only.

In a recent report, James Capel & Co., the London stockbroker, wrote: "Two stocks in the subsector can be regarded, because of exploration track record and general business performance, as being of 'investment grade': Enterprise and Monument.

Stefan Herz, an oil analyst at Smith New Court, said the oil price has been weak all summer mainly thanks to the fact that Saudi Arabia has consistently produced more oil than OPEC's quotas allow. He said the price of Brent crude had rallied from its July closing low of \$16.55 to this week's price of around \$17, as the prospect of ed cash-flow basis." lrao's oil returning to the export market had receded.

But although the crude price re-

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Best Performing Energy Funds Value of \$100, income reinvested, excluding charges. Over one year to Aug. 23, 1993 Over five years to Aug. 23, North America Gas..... Garriet Investments TSS Natural Resources 211.93 Fidelity Advisor Glob. Nat. Shin-wako: Index Open: Oil Norder Nomura: Sectorado: Oil Norden 160.05 BG Energy TSB Natural Resources. Netlife-Global Energy 159.88 Asahi: Select Induresources 191.70 Dai-ichi: Select 10: GlassNonfer. Putnam Energy-Resources .158.73 Yich: SectorSelect: Oil/Nonfer S&P Energy Industries 177.21 Nikko: Sector: Petrol/Nonierr. .157.34 ury Energy Internations Tokya: Sector Indx: Ressource .157.20 .173.86 Cosmo: Sector Indo: Resources.... Daiwa: Target Indo: Oil/Nonferr.... Uversal: Sector Select: Oil Nonferr. Fidelity Select-Energy Ser. . Fidelity Select-Energy 158 03 169.97 Fidelity Select-Energy............ MIMC MINT Gtd Socal Issue. 155.43 rica Spl Nat. Resource Nippon: Index 10: NonterriGb Transamerica Spl Nat. F. Schroders Asia Energy... 164.64 Darwa: Super Select: Engy/Resources 153.81 Gamus Investments 162.51 .149.74 .146,29 .143,68 MIMC MINT Gtd Jan 1994. 154.89 DWS-Energiationds..... S&P Commodity Share Yohi: Select Fund: Resour Enery.... Source: Micropa!

stocks have bounced back. Mr. Herz after being given an idea of how the said this was because the British fields are going to perform and what stock market had been so strong; it the operating costs and capital ex-was not a reflection of improving penditure will be. prospects for these companies.

There are, however, other common factors that can upset exploration and production stocks, such as pectedly good or bad exploration

The exchange rate is important because while exploration and production companies' costs are in the local currency, barrels of crude are priced in collars. When the dollar rose against sterling after the pound left the exchange-rate mechanism in September last year, the exploration and production stocks rallied sharp-

Exploration news is important because the stock market price is partly based on expectations for a

company's drilling program.

But to get a complete idea of why these prices move it is necessary to understand how they are calculated. Peter Hitchens, an oil analyst at Lehman Brothers in London, said: You look at exploration and production stocks on an asset value basis. You work it out on a discount-

the sum of future cash flows and want." discount them back to present at a mains relatively weak, the prices of standard rate to calculate net asset indebtedness leads to a wide range

Today's worries about oversupply of crude are just as relevant tomorrow, and so forecast prices for Breni crude have been downgraded by the dollar exchange rate and unex- many analysis. Mr. Herz has reduced his forecast average prices to \$18 for this year and \$19 for next.

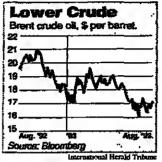
Mr. Hitchens has identified two factors, which, be believes, split exploration and production stocks. One is the quality of management; the other, the degree of indebted-

"Perhaps the most highly geared is Lasmo, which has the highest level of net debt through the acquisition of Ultramar," he said.

Taking up the theme of quality of management, another analysi, who did not want to be named, said: "There are two very distinct camps. Those that are run by explorationists and those that are run by accountants."

"Generally, you find that the explorationists' companies have no perception of rewarding shareholders, whereas other companies like Hardy, which is committed to increasing the dividend, have a much Broadly speaking, analysts take better idea of what shareholders

This split over management and



and production stocks. Simon Flowers, an oil analyst at NatWest Markets, said: "If you want exposure to an explorer, the first port of call is probably Lasmo and Enter-

prise. Both of those were in the FTSE [the London Stock Exchange index of 100 shares] until recently. James Capel is recommending Monument and Enterprise among the investment-grade stocks, and

Clyde as a speculative investment. Capel says Clyde shares are a speculative buy ahead of the results from an exploration well in the Yemen in the fourth quarter of this But all brokers caution that it is

more important today than ever before to be discerning in choosing these shares. The last British hudget scrapped tax relief for oil explooil exploration and production value. They work out the cash flows of risk levels among exploration ration costs in the North Sea.

Playing Fast and Loose With Derivatives

By Michael D. McNickle

S it possible to manipulate individual issue (that's easy), but to rig the stock market itself? Securities and Exchange Commis- both specific question. In particular, the congressional subcommittee on telecommunications and finance, Chaired by Edward J. Markey, a Massachnsetts Democrat, is investigating "the nature and adequacy of SEC oversight and regulation of program

trading and front-running. The House probe is delving into concerns that "stock index derivative products may pose a risk to the stability and integrity of the markets and afford opportunities for manipulation," according in a copy of the subcommittee's letter requesting information from the SEC.

Is there anything to it? It depends on whom you talk to. Interviews with stockbrokers and traders in New York, and current and former regulators, find a growing belief that big traders periodically game the market.

ception, industry professionals as- eral hundred thousand dollars sociated with the derivative markets (futures and options indexes) play down the manipulation theories and say derivatives actually boost market stability. Moreover, they argue that when big investors do move the market, making money on indexes that move np with the market, there is nothing wrong with even more difficult for the authorithis, it's legal.
In the wake of the past 10 years of

ecution to the junk bond, the sav- exploit minute discrepancies that

certain: Almost anything is possible, indexes,

Gerald Beirne, a New York before Congress on market manipulation and extensively studied market behavior.

HE hroker compares the multaneous arbitrage." most basic kind of markel manipulation to a scenario in which a company with shares currently being traded on an exchange decides to offer a large block of additional shares to the market. In order to get the best price, the company places substantial orders for the existing shares at the end of the day, thus forcing up the price when the new

shares are unloaded. Mr. Beirne says that an index futures contract, or an option thereon, is the futures market equivalent of the new shares being sold hy the company, except that "each new contract created by buy-On the other hand, with one ex- er and seller 'offers,' in effect, sev-[worth] of the stock which comprise it." Mr. Beime and other critics say program traders, in some cases, un-leash programmed buying to prop up the underlying shares; this, in turn, they say, inflates the value of

the futures index. ties to spot, Mr. Beirne says, in-volves what program traders call U.S. financial irregularities and index arbitrage, which in theory crime, from the insider trading prosshould be transactions designed to

rigging seandals, one thing is stock market to futures or options agree, saying they believe it is a certain: Almost anything is possible, indexes.

Mr. Beirne says that, in reality. the stock market? Not just to stockbroker for nearly two desome of these transactions are actumanipulate the price of an cades, who has previously testified ally complex market manipulations. He said, "An arbitrageur who establishes one position, and The U.S. Congress has asked the the subject, says there have been then dallies before he takes the secsion to report back to it by Sept. 2 market manipulation. in addition loss if the market moves against to numerous general market moves thim in the interval. So, "If the where veteran investment pros market moves his way, he would could find no other explanation for get a better price on the second position, and a wider spread than he would have obtained from si-

> Critics say much of the problem is created by the "eash settlement" of these derivatives. A trader who has watched the inception and evolution of these new instruments says they may have an insidious effect on the markets because "it provides both the means to orches trate volatility and the assurance of unlimited liquidity at exit points."

> He said this allowed major participants "to move markets at key points in time and create their own profits with cash-settled instruments that disappear into the air" at expiration. Supporters of the transaction acknowledge some of the maneuvers amount to frontrunning, but they say it is all per-

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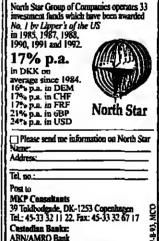
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ings-and-loan, and Treasuries bid- occur between markets, such as feculy legal. Critics vigorously distreated as such.

A federal law enforcement source familiar with manipulation cases said he believed that there have been no prosecutions for market rigging of this type. The official would be extremely difficult because the case would most likely hinge on the intent of the traders, who would undoubtedly have numerous legitimate trading strategies to explain their transactions. Advocates of this kind of trading

stress that the futures and opnions indexes can have a stabilizing effect on the markets, giving institutional investors and fund managers "protection on the downside," making them less nervous about slides in the market, which could trigger a selling spree.

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Rookie Left-Hander Helps Pull Yankees Even With Jays

Royals, too, Get a Boost From a Call-Up

No one could fault Sterling Hitchcock and Mike Magnante if they were a little overwhelmed by

their new surroundings. After all, the two rookie lefthanders toiled through unspectacu-lar seasons at Triple-A Columbus

AL ROUNDUP

and Omaha before finding them-selves called up to major-league clubs in the thick of the American-If either one was nervous Thurs-

day night, it didn't show. Hitchcock, of the New York Yankees, and Magnante, of the Kansas City Royals, each tossed seven scoreless innings to help their

New York beat Cleveland, 4-0. and moved into a first-place tie in the East with the Toronto Blue Jays, and Kansas City blanked Minnesota, 3-0, to move into sec-ond place in the West.

Reliever **Uses Bat to Lift Marlins**

Chris Hammond, a pitcher, became a pinch hitter: Benito Santia-go, a catcher, played left field, and Richie Lewis, a reliever, was a hero with his bat as the Florida Marlins beat the Houston Astros, 5-4, in 13 innings on Thursday in Miami. Lewis, at bat for the second time in his major-league career, pulled a

NL ROUNDUP

two-out single down the left-field line to score Rich Renteria from second with the winning run. "I don't know if I was more

stunned or clated that he hit the ball," Renteria said. "When I was rounding third, I was thinking, Thank God this is over."

At 4 hours 27 minntes, the game was the Marlins' longest of the

Florida's manager, Rene Lache-mann, won with some unusual moves. Bryan Harvey made a rare appearance in a tie game, pitching mond, a .222 lifetime hitter, pinchhit in the 10th and struck out. Santiago entered the game as an outfielder in the 12th — cleanly handling the only ball hit his way, a

Lewis was also put in an unfa-miliar situation. He hatted with runners at first and second in the position players left on the beach. Walt Weiss walked to start the inning against Doug Jones. After two forced outs, Orestes Destrade walked, and Lewis connected on an 0-1 fastball for his first major-

league hit. Mets 7, Rockies 1: Dwight Gooden scattered four hits in eight in-nings and snapped a career-high four-game losing streak as New York beat visiting Colorado.

The 22-year-old Hitchcock, promoted for a spot start in place of Scott Kamieniecki, who is injured, gave up seven hits, walked three and struck out three.

"It's a lot of fun to look around, see the guys excited, and know the importance of what's going on here," Hitchcock said. "A win is a win, but a win in the middle of a pennant race — it's a great way to

Cleveland's Bob Ojeda, in the most effective outing of his come-back, matched zeroes with Hitchcock for six innings, but the Yan-kees quickly went ahead after Ojeda was replaced in the seventh.

Mike Stanley his a two-run
homer off Bill Wertz in the seventh. and the Yankees added two in the ninth on Danny Tartabuli's bases-

Royals 3, Twins 0: In Kansas City, Missouri, Magnante, making only his second start since being recalled Aug. 17. allowed six hits, struck out two and walked none as the Royals moved into second place in the West, 3½ games behind

the White Sox. Kevin McReynolds and Greg Gagne provided the offensive sup-port with four of the five Royals' hits off Willie Banks.

Mariners 6, Blue Jays 3: In Scattle. Ken Griffey Jr. took over the major-league lead with his 38th and 39th bome runs and Mike Blowers also hit a pair. It was Griffey's second straight two-homer game and his fifth this year. Randy Johnson improved his re-

cord against Toronto to 3-0 this year, allowing nine hits, striking out eight and walking one in eight innings. He increased his major rue-leading strikeout total to 234.

Red Sox 3, Rangers 1: Boston's six-game losing streak and Texas's four-game victory string both came to an end in Arlington, Texas. Frank Viola allowed four hits in

75 innings. The Rangers bad scored 38 runs in their previous four games, but they couldn't get their offense going against Viola.

Baines tied the game with a two-Orioles scored five more runs in the eighth against visiting California.

Brewers 5, Athletics 3: In Mil-waukee, Angel Miranda pitched cight shutout innings and Juan Bell and Kevin Seitzer bomered as the Brewers completed their first-ever four-game sweep of Oakland.

■ No Agreement at Talks

Representatives of baseball and the players association met to discuss the proposed expanded playoffs for next season, but no agreement was reached and none is expected for at least two months, The Associated Press reported

The meeting was described as very preliminary as the two sides exchanged ideas, a spokesman for the owners said. Donald Fehr, the union's executive director, said the decision could take up to three

The players have proposed three division winners and a wild-card team in each league starting in 1994.

For next season, at least, the owners are leaning toward four division winners and four second-place teams making the playoffs. Fehr said last week that the chances were "very small" that players would agree to the owners' idea, but the union is open for negotiations.



Despite his pleading, the Indians' Albert Belle was emphatically called out by the umpire after a tag by New York's Wade Boggs at third.

Italian Crashes In Practice for Belgian Prix

SPA-FRANCOR-CHAMPS, Belgium — The Italian Formula One driver Alessandro Zanardi crashed badly on Friday after he lost control of his Lotus-Ford during practice for the Belgian Grand Prix but escaped without serious mjury.

Zanardi, 26, was knocked unconscious during the accitective cockpit of his car intact. He was immediately flown to a hospital in nearby Liege, said a Lorus team spokeswoman, Anita Smith "He is very bruised and stiff

but a brain scan showed he is O. K." she said. "There is nothing broken."

The accident happened ear-ly Friday during the unofficial practice session, at the end of the Raidillon section—a blind, uphill curve that drivers take at about 280 kilometers (170 miles) per hour. Zanardi started spinning at the end of the curve and slammed into the railings at high speed, spreading wheels, engine and other debris across the track.

Later, Damon Hill captured the provisional pole position ahead of Alain Prost, his Williams-Renault featurate, who leads the world standings.

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Coleman Will Never Play Again as a Met, Team Owner Vows

NEW YORK - Vince Coleman, facing a felony charge after throwing a powerful firecracker at fans, is finished with the New York Mets.

The Mets, fed up with an array of trouble this season, said Thurs-day that the 31-year-old outlielder would not return to the cinb this season. The team's president, Fred Wilpon, went even further, vowing

Coleman will remain on "administrative leave" - in effect, sus- release him, trade him or fight him pended with pay — until his ar-raignment Oct. S in Los Angeles on in the best interest of the Mets that a felony charge of possession of an he never wear a Mets uniform explosive device.

a four-year, \$12 million contract, here again as a Met." but Wilpon did not say bow the

Coleman will never play for the Mets will get rid of him after the

"We have the right to act again, even if he is cleared of the

The Mets have been beset by

ing streak, the dismissal of manager Jeff Torborg and injuries to Howard Johnson, Sid Fernandez and other key players have been among Coleman still has one year left on criminal offense. He'll not play

But there has been just as much

problems on and off the field in the berhagen admitted putting a fire-worst season of the 32-year-old cracker under a table where reporters were interviewing Young, in a Anthony Young's 27-game los- separate incident, Saberhagen sprayed bleach on writers.

· Coleman contributed to the disarray when he swung a golf chib and hit Dwight Gooden in the shoulder, knocking him out of a

has the equivalent power of a quar-ter-stick of dynamite, from a car ask he left the Dodger Stadium parking lot on July 24. A 2-year-old girl was among three people injured. Cole-Coleman's arraignment in Los

Angeles was postponed natil after the season. Conviction carries a penalty ranging from probation to three years in prison.

You have to act professionally on and off the field," said the Met manager, Dallas Green. Fred made that clear today, Obviously. Coleman was a big part of the mix with all the problems. To put a learn together, you baye to have we says (That wasn't Vince's first

Things didn't happen over-inght," he said, "and they're not going to stop overnight. This will be the best cure to try and get the chibhouse back to some semblance

Coleman signed with the Mets as 17 a free agent on Dec. 5, 1990, shortly, after Darryl Strawberry left the team for the Los Angeles Dodgers. Coleman, who set NL stolen base records in St. Louis, was slowed by mjuries in his first two years with the Mets and played a total of only 143 games.

Coleman is leading the league with 38 steals this season. He was batting 279 and had remained relatively healthy.

49ers' Young Fights Not Only Injury, but Montana's Shadow Young's injury compounds matters. If Montana, is intent on not rushing his On the last Monday night game of 1991, Musgrave was a late substitute in a 49ers-Bears game that San Francisco led,

SANTA CLARA, California — le is not certain which thumb 49cr lans mourt more: the one Steve Young fractured or the one Joe Montana used to hitchhike out of town. Based on the popular bump-er sticker circulating here, "I miss Joe,"

Montana probably gets the thumbs-up.

The city of San Francisco wishes he were here, not in Kansas City, because he would be the starting quarterback right now. Young broke his left thumb nearly three weeks ago on a Los Angeles Raider belmet, only Thursday switched from throwing a Nerf football to a regulation football and is not penciled in for open-

ing day in Pittsburgh.

His backup, Steve Bono, has trouble sleeping at night due to a separated left shoulder and is on clipboard duty until October. That leaves a quarterback con-troversy between Bill Musgrave and Elvis Grbac, who combined to lose, 30-0, to Scattle last weekend.

Coach George Seifert said Thursday.

Young has not only inherited Montana's job, he has also inherited Montana's bored pose on the sidelines. When Montana first threw in practice last season after returning from his elbow injury. the event drew as many as 25 reporters. When Young threw for the first time Thursday, it drew only a dozen. He is just not yet the luminary that Montana was.

Even in Barcelona, where the team opened its preseason schedule, Young could not escape the shadow of No. 16. That might be the only English they can speak over there: Joe Montana," said the 49er publicist, Dave Rahn.

The Chiefs have even called the 49ers for advice bow to handle Montana worshipers. The 49ers, according to Rahn, told the Chiefs that they used to need a security guard, at all times, to escort Montana through notel lobbies and post-

FORTUNATELY

WE WERE

VERY LOW

FLYING

POOR GIRL .. WE WERE

FLYING OVER PARIS

AND SHE FELL OUT

OF THE PLANE.

be cannot play, he cannot make people main offensive weapon.

For one, the right side of he can play in the opener.

"I could probably go out and throw all day as long as I don't do anything stu-pid," Young said. "I mean, hitting my hand on a helmet would be a bad deal, and I won't get in any fights, either."

Young still talks with his hands and still signs autographs, so his injury is not too debilitating. Wearing a Toronto Blue Jays cap, he tossed about 40 passes to tight end Brent Jones on Thursday morning, and caught Jones' return passes without wagging his thumb in pain. It was only last week he was throwing an orange-and-black Nerf ball. "Throwing is part of Steve's therapy: physically and psychologically," Seifert said.

But Seifert, who was willing to bench Young, the league's reigning most valuable player, in a last-gasp effort to retain

CIVILIANS

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MEAT?

For one, the right side of the offensive

line — which protects Young's blind side — is in disarray. Starting right guard Roy Foster is out until at least October, and starting right tackle Harris Barton is questionable for Pittsburgh, both due to knee injuries, which leaves Ralph Tamm and Harry Boatswain in charge. Young can scramble, but not that much.

Seifert's public plan has been to rest Young against Pittsburgh, and then give him a long week of work before the second game, a Monday night contest in Cleveland. "We might wait beyond Cleveland, though I don't think we would," Scifert said.

So, Thursday, Young signaled in plays to the presumed new 49er quarterback, Musgrave. Musgrave was once cut by Dallas, thinks he "looks 15 years old" and not many know him around the league, other than Mike Ditka.

touchdown bomb as Dirka seethed: But Musgrave was 1 for 6 for zero

yards last Saturday in Scattle, and could

lose the Pittsburgh assignment to Grbac, a Michigan rookie, if he again looks inco in Samuday's preseason finale against San Diego. "I'wo cruddy games won't instill much confidence," Musgrave said. Nonetheless, the 49ers have too much money invested in Young — 526.75 million over five years — to throw him

carelessly to the Steclers. On the day he hart his thomb, for stance, team president Carmen Policy

advised Young to protect his hand by keeping it in his pocket. The owner, Eddie DeBartolo, over-hearing said, "He already has his hand in my pocket."

DENNIS THE MENACE



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TO OUR READERS



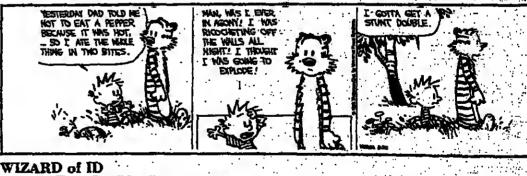








CALVIN AND HOBBES





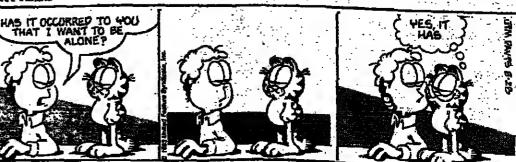




REX MORGAN



GARFIELD



'SPORTS TENNS

Slashed From the Top of Her Game, Seles Vows to 'Start All Over'

SARASOTA, Florida - At the Meadows Racquet Club here, Monica Seles used to perfect the tennis strokes that made her the most dominant player of this decade, but until this late-summer day, Monica hadn't been here for months, because Monica doesn't play tennis anymore, not since a deranged German man stabbed here in the head force months and in Hamburg and later

But this year instead of defending her title, Seles is and be normal. You pay a price to be a celebrity, to be an confined to the sidelines. She hasn't hit a tennis hall since she was stabbed on April 30. And in an emotional two-hour interview on Wednesday, during which she wasn't is indeed in runns, and the once-invulnerable player is always able to prevent her tears from undernining her talk, Seles admitted that she wasn't sure she would ever helpless to the selection.

much, I am not walking ever again. But he got his wish: I muck to that a mount after the stationing. No matter now much, I am not walking ever again. But he got his wish: I muck to that a mount after the stationing. No matter now much, I am not walking ever again. But he got his wish: I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. I muck to that a mount after the stationing. No matter now spine of the wish: I muck to that a mount after the stationing. I muck to that a mount after the stationing. No matter now spine of the weak: I talk to my dad about that, that is what I can't get to start all over the feet of her peets are this pering that she's staying work ending her two-year reign the reby be wither a way from the circuit on purpose, faking her injury.

The being punished for it. I've lost the ranking. I'm missing what it takes to do it."

"It's turning into 1991 Wimbledon," said Seles. Her again, but nobody will tell her when.

Shrings to command the two-year reign the reby be well as they saying was the staying away from the circuit on purpose, faking her injury.

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Shrings to say in the

The tangible evidence of this is her inability even to swing a termis racquet yet, despite daily therapy at the Steadman-Hawkins Clinic in Vail, Colorado, not to mention Gran's usurption of the No. I ranking along with both Grand Slams played since Seles was attacked.

The tangible evidence of this is her inability even to swing a termis racquet yet, despite daily therapy at the forever be demarcated by a single, heinous event: There is before Hamburg, when she was on top of the world, and there is after Hamburg, when she thinks that the world, and I have to stop it because I can't go through that again, "she said. "What limits though the propose who say I'm enjoying this that I'm just being approtected in the 1994 Australian Open, where she will forever be demarcated by a single, heinous event: There is before Hamburg, when she was on top of the world, and I have to stop it because I can't go through that again, "she said." What limits that there moother to compete in the 1994 Australian Open, where she will forever be demarcated by a single, heinous event: There is before Hamburg, when she was on top of the world, and there is after Hamburg, when she thinks that the world, and I have to stop it because I can't go through that again, "she said." What limits the propose who say I'm enjoying this that I'm just being approved round of the No. I ranking along with both there is after Hamburg, when she was on top of the world, and I have to stop it because I can't go through that again, "she said of her assailant.

"And I have to stop it because I can't go through that again," she said. "What limits their the world, and the world again," she said of her assailant.

"And I have to stop it because I can't go through that the world, and the world, and the world, and the world, and the world again," she said of her assailant.

"And I have to stop it because I can't go through that again," she said of her assailant.

"And I have to stop it becaus tion Graf's usurption of the No. I ranking along with both Grand Slams played since Seles was attacked. The intengible evidence is known only to Seles in the.

here for months, because Monica doesn't play tennis anymore, not since a desanged German man stabbed her in the back four months ago in Hamburg, and later a claimed a fanatical devotion to Steffi Graf, then No. 2, as his reason for trying to ruim Seles's career.

Under normal circumstances, with the U.S. Open just days away, Seles should have been putting the final polish on the double-fisted strokes that carried her to the Open title in 1991 and 1992. No. 1, then forget it, maybe I should just go to college, go and be normal. You pay a price to be a celebrity, to be an

talk, Seles admitted that she wasn't sure she would ever reliable the stellar career that was shattered by a man With one stroke of a kitchen knife, Seles, 19, who once known as Gunther P.

"There's only one worse thing that could have happened," said Seles, who didn't allow her persistent emotional distress to impede her urgent conversation, "and that's that I'm dead, if he'd stabbed again, maybe I would have been. Or if he hadn't missed my spine by just this much I am not walking ever again. But he got his wish: I much I talk to my dad about that, that is what I and now. Clear from: This say planned to do this to me and he had clear from: This say planned to do this to me and he had

She wonders why her archrival Graf, who made an unannounced and wordless visit to her in the hospital the day after the incident, hasn't made contact since. She

If this is what it takes to be No. 1, then forget it, maybe I should just go to college, go and be normal. You pay a price to be a celebrity, to be an athlete, but this is too high a price.'

wonders why tabloid photographers stationed themselves, like so many snipers, in the bushes outside her hotel in

again," she said. "What hurts most is the people who say I'm nuts. If they think I'm enjoying this, watching the slams go on and I'm oot there, then they should come and spend some time at the clinic doing the same therapies over and over again and see how fun it is."

How does Seles look? In two words, older and sadder. Her hair is longer, her ankie-high tan lines from a lifetime spent in sneakers have evaporated, and she has shadows beneath her gray eyes, which are bloodshot from the effort

of spilling out, and trying to suppress, tears.

She still possesses her staccato giggle, especially when describing her dog Astro's disregard of his housetraining to convince her mother that she needs a Golden Retriever puppy, but the laughter comes far less often.

She has spent ber summer far from her home at this

private club, and farther still from the nomadic life she has lived since she joined the professional circuit at 15 and at

wonders why tabload photographers statuoned themselves, like so many snipers, in the bushes outside her hotel in Colorado.

She wonders why the rumor mill has spotted her doing everything from playing a fierce game of tennis in Palm everything from playing a fierce game of tennis in Palm and counseling sessions, has become her temporary hone, and that's where she'll be when the rest of her peers are the wonders why people are whitespring that the's staying the rumor mill has spotted ber doing a single match since April, she's lost her ranking.

"I don't know what I learned from this, because it was the wonders why people are whitespring that the's staying the rumor mill have median the rest of her peers are the wonders why people are whitespring that the's staying the rumor mill have median the rumor mill have a stay of the purposes of 1994 player-commitment quotast the strike seles as a double standard: When it suits the bureancracy to make her No. 1, it does. Meanwhile, without long a single match since April, she's lost her ranking.

"I don't know what I learned from this, because it was the procession of the century strikes." Seles as a double standard: When it suits the bureancracy to make her No. 1, it does. Meanwhile, without long a single match since April, she's lost her ranking.

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"I don't know what I learned from this, because it was the procession of the century strike." Seles as a double standard: When it suits the bureancracy to make her No. 1, it does. Meanwhile, without strike seles as a double standard: When it suits the bureancracy to make her No. 1, it does. Meanwhile, without strike seles as a double standard: When it suits the bureancracy to make her No. 1, i

called for a player vote that left her ranking unprotected in spite of the reason for her absence from the tour.

ويدامنا الرول

The fact that only Gabriela Sabatini exhibited sufficient compassion for Seles's plight to refuse to participate in the vote makes Seles cry — more out of recognition of Sabatimi's singular sensitivity in a sport where figurative backstabbing is a given, than out of self-pity. Security has always been a concern for Seles, an ethnic l'iungarian who has long been the target of politically motivated threats because she was born in Serbia.

"I don't know if they can ever justify this," Seles said of the tennis establishment, "that something like this could happen while one of their players is playing an official tournament. They always told us we had enough security, so why does there always have to be a victim before things are changed? Why me? But I'll go back: I wouldn't be

That the WTA has plans to make Seles co-No. I with Graf for the purposes of 1994 player-commitment quotas strikes Seles as a double standard: When it suits the bureaucracy to make her No. I, it does, Meanwhile, without

stronger. I was always mentally strong, at least on the tennis court. I've got to go forward, I can't go back. I've got to start all over. I love this sport too much, and I'm not going to let anyone take it away from me. I'm going to go

UEFA May Bypass French Federation

GENEVA - European football's governing body, UEFA, threatened on Friday to bypass French soccer authorities and ban

1

A spokesman said that a meeting of UEFA's emergency executive committee would be held early next month to deal with the case in which the French chib champion has been accused of maich-rigging. Earlier, French soccer officials had scorned an Ang. 30 UEFA deadline, resetting a Priday hearing

for Sept. 4 for eight officials and players implicated in the affair. The Sept. 4 date surpasses the Aug. 30 deadline for the French to Aug. 30 desaine for the French or say which team could replace Marseille in the cup competition. The six of the eight people scheduled to French decision in effect means appear asked for a delay. that Marseille can start its title defense Sept. 15 against AEK Athens.

A UEFA spokesman said, "For Paris business offices of Olympique the moment, we are waiting for Marseille's owner, Bernard Tapie, Aug. 30, the date we fixed after the "Police sources said six inspection."

would be chosen."

"With respect to that reply," the spokesman added, "the emergency executive committee will grasp the Olympique Marseille, the Champions' Cup holders, from the coming in conjunction with FIFA."

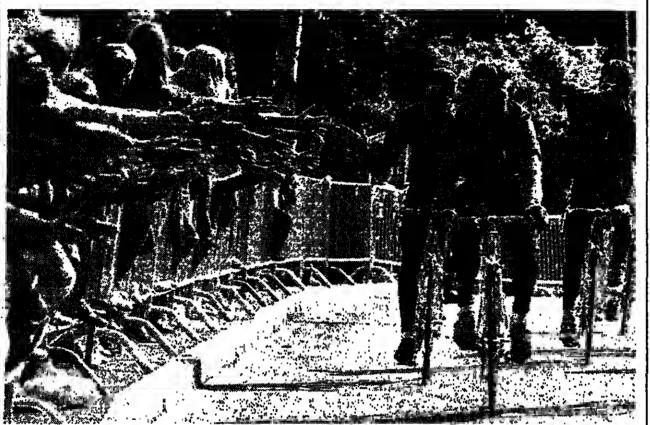
He said UEFA would make its position clear in an announcement

> UEFA's statement Friday appears to be a clear warning that it will not accept delays in the French

But the French league's predent. Noel Le Graet, said Friday on French radio, "No one can pull OM out of the Champions' Cup without the accord of the league." The French federation's disci-

plinary commission on Thursday The league's announcement coin-cided with a police swoop on the

Pans business offices of Olympique European cup draws in July and were sent to Bernard Tapie Fiwhen we were expecting a commu- nances on orders from the examinnication from the French authori-ing magistrate, Bernard Beffy, to ties to discover if Marseille is still take pictures and measurements representing France in the Europe- They did not elaborate. (AFP, AP)



GIVING THEM A HAND — Amateur Italian cyclists riding past spectators during practice on Friday for the world road-racing championships in Oslo. The amateurs and women were to compete on Saturday, with the men's professionals racing on Sunday.

Court Orders Mobil To Pay Reynolds

ALEXANDRIA. Virginia --The American sprinter Butch the case to have the judgment set Reynolds will get nearly \$700,000 aside. We hope to have that settled from Mobil Corp., a primary spon-sor of the International Amateur Athletic Federation, a U.S. federal

magistrate ruled Friday.
Judge W. Curtis Sewell awarded the money to Reynolds, who in December won a \$27,3 millioo judgment against the IAAF for damages resulting from a performance-enhancing drug suspension imposed on him. The IAAF has refused to pay that judgment.

"Butch is very pleased with the decision," said Mimi Dane, an attorney for Reynolds, the 400-meter world record holder.

She said Mobil would make a payment of \$691,667 - equal to what it owes to the IAAF under its sponsorship contract — directly to the U.S. District Court for Eastern Virginia, where Sewell sits. The court will hold the money in an interest-bearing account pending appeal by the IAAF.

awarded Reynolds damages. "We do not recognize the judg- meter relay.

ing within the legal framework of

She said the IAAF was seeking to overturn U.S. District Court Judge Joseph Kinneary's ruling in July that said his court had jurisdiction in the case.

The IAAF president, Primo Nebiolo, has maintained that U.S. courts have oo jurisdiction over the federatioo and that the IAAF would pay nothing to Reynolds. The IAAF initially issued a two-

year ban against Reynolds after the runner allegedly failed a drug test at a meet in Monte Carlo on Aug. 1990. Reynolds claimed the IAAF laboratory erred in the tests. Reynolds exhausted his appeals with the IAAF before taking his

case to the U.S. courts.

Last week, Reynolds won the silver medal in the 400 meters at the World Championships in Stuttgart, Jayne Pearce, a spokeswoman for and with his teammates Ouincy the IAAF in London, would only Watts, Andrew Valmon and Micomment on the original ruling that chael Johnson, set a world record while winning the gold in the 1,600-

SIDELINES

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Burrell Defeats Christie in Berlin

BERLIN (Reuters) — Leroy Burrell of the United States edged Linford Christic of Britain, the Olympic and world champion, on Friday by one hundredth of a second to win the 100 meters at the Berlin grand prix athletics meeting.

Christie, 33, was given third place in a photo-finish behind Burrell and his compatriot John Drummond. Burrell clocked 10.12 seconds, with Drummond and Christie at 10.13.

In the women's 100 meters, Mediene Ottey of Jamaica took a step toward the biggest jackpot in athletics with a victory in 11.01 seconds over Irina Privalova of Russia and the Nigerian Mary Onyali. After victories in the Oslo and Zurich meets, Ottey is still on course to win 20 one-kilogram (2.2-pound) gold bars that will be awarded to athletes who win their events at all four of Europe's most lucrative meetings: Oslo.

Nouredding Morceli of Algeria failed in his bid to break Steve Cram's eight-year-old world mile record, clocking three minutes, 46.78 seconds to win the event. Cram set the record of 3:46.32 in Oslo in July 1985.

Langer One-Shot Leader in Germany

DUSSELDORF (Combined Dispatches) — Bernhard Langer celebrated his 36th birthday on Friday by threatening to run away with the German Open during the second round before settling for a one-stroke lead at 9-under 133.

German Open during the second round before settling for a one-stroke lead at 9-under 133.

England's Peter Baker, hoping to clinich a borth on the European Ryder Cup team, was alone in second after he shot a 66 for an 8-under 134. Langer, a four-time winner of the tournament, almost shot the round of his life on his birthday as he took a six-stroke lead through the 13th hole behind some pinpoint putting. But after shooting five birdies and an eagle on the par-5 8th hole, Langer faltered with bogeys on the 14th, 15th and 18th holes to finish with a 68.

In Akron, Ohio, Jim Gallagher and David Edwards shot four-underpar 66 on Thursday to share the first-round lead at the NEC World Series of Golf.

(AP, Resters)

Maradona Wasn't Rejected, U.S. Says

BUENOS AIRES (Combined Dispatched) — U.S. authorities here said that the embassy did not deny the Argentine soccer star Diego Maradona an entry visa.

An embassy source, who asked not to be identified, said Thursday that Maradona had tried to obtain his visa through a representative. Consular officials told the representative that for a visa to be issued Maradona had to be present. Maradona, who was planning a medical checkup in the United States, said in a broadcast interview on Wednesday that a visa was denied him because of his pending ding trials in Argentina and Italy.

In Madrid, meanwhile, a magazine reported Friday that the Spanish chub Seyilla had fined Maradona between 33 million and \$3.5 million for behavior detrimental to the club.

Tyson Attorneys Again Seek Appeal
INDIANAPOLIS (AP) — Attorneys for the former heavyweight boxing champion Mike Tyson has filed motions asking the Indiana Supreme Court to review his rape conviction.

The State Court of Appeals rejected his arguments for a new trial earlier this month. The Supreme Court is not obligated to hear the case. Lawyers on Thursday, cited as grounds for a new trial a lower court's refusal to let three defense witnesses testify and to allow evidence about the sexual past of Tyson's accuser. The perition said the Indiana Court of Appeals crited by dismissing those points when it ruled 2-to-1 on Aug. 6 that Tyson's constitutional rights were not abused.

For the Record

Lloyd Bloom, 36, a former sports agent who was at the center of a major college sports scandal, was found shot to death Thursday at a house in Malibu, California. Bloom and a partner, Norby Walters, were convicted in 1989 of racketeeting and other charges relating to their attempts to agen college football players to representation deals before their eligibility had expired. An appeals court reversed the convictions.

(AP)

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OETROIT—Activated Ryan McNeil, carnerback, Welved Chuck Lans, quarterback.
GRE en BAY—Claimes Kep Coleman, Hnebacker, off watvers from N. Y. Jots.
INDIANAPOLIS—Activated Jaff George,
quarterback, and Duane Bickett, linebacker.
Walved Jason Jonnson and George Thomas,
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wide receivers.
L.A. RAMS—Wolved Larry Kelm, linebacker, and Joe Josysson and Lynn James, wide

er, and Joe Javisson and Lynn James, wide receivers.

NEW ENGLAND—Traded Jon Vougha, ruaning book, to Scattle for undisclassed droft choice. Claimed Keith McCanini, defensive end, off walvers from Tomos Bay: Jon Earle, offensive lineman, off walvers from Kansas City, and Jeson Cathan, linebacker, off walvers from Buffold, Walved Steve Trapits, offensive lineman: Tim Edwards, defensive end, and Arnold Ale, linebacker.

PHOENIX—Traded Emis Jones, wide receiver, to L. A. Rams for undisclosed draff choice.

SAN DIEGO—Signed Ronnie Harmon, running bock, to 3-year contract. Colomed Carlot Stephens, quand, off walvers from New England. Released Ray Smaat, suand.

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LOS ANGELES—Signed Marc Potrin, forwerd, to 2-year contract.

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N. Y. RANGERS—Signed Andrei Kudinov.

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TAMPA BAY—Signed Joe Reekle, detensement to multivear contract.

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(Continued From Page 4)

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Fred Franceito women's basketball cooch.
CINCINNATI—Named Kelly Ovination women's soil coach.
CLEMSON—Named Bruce Marchianda assistant soil coach.
OELAMARE—Named Bruce Marchianda assistant soil coach.
OELAMARE—Named Bruce Marchianda assistant feel hockey coach. Named Chris Marson man's assistant social coach. Named Chris Marson man's assistant feel hockey coach.
OREXEL—Named Manique Scoily women's assistant field hockey coach.
EAST CONNECTIEUT ST.—Named Sieve Siegrist women's basketball coach.
FLORIDA—Named R.C. Buford men's assistant basketball coach.
FOROHAM—Named Nick Macarchuk III men's assistant basketball coach.
FRANKLIN & MARSHALL—Named Frank Federiaka men's locrosse coach.
RADFORD—Named Chris Swanenburu men's locrosse coach.

FRANKLIN & MARSHALL—Named Fronk
Federiska man's locrosse cooch; Anne Livezey field hocker and women's locrosse cooch; Anne Livezey field hocker and women's locrosse cooch; Anne Livezey field hocker and women's locrosse cooch;
Wardy Smyder women's soccor cooch and Anthory Trayer women's soccor cooch and Anthory Trayer women's volleyboil cooch,
GANNOM—Named Cory Keehart Swinmain routers.

GARONER-WESB—Brenda Hotford, women's basketboil ond tennis cooch, realpraid.

GONZAGA—Named Angle Miller women's
assistant basketboil cooch and Kelley Cunniesbarn women's assistant volleyboil cooch.

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track teams! Jesnifer Barles women's interimvolleyboil cooch and Devid Flocro men's asistant swinming cooch.

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M IAMI—If you're looking for a family vacation that involves watching enormous quantities of water go off a cliff, you can't beat Niagara Falls. We went there recently with several other families, and our feeling of awe and wonderment can best be summed up by the words of my friend Libby, who, when we first beheld the heart-stopping spectacle of millions of gallons of water per second hurtling over the precipice and thundering into the mist-enshrouded gorge below, said:

'I have to tinkle.' The falls have been casting this magical spell ever since they were discovered thousands of years ago by Native Americans, who gave them the name "Niagara," which means "Place Where There Will Eventually Be Museums Dedicated, for No Apparent Reason, to Frankenstein, John F. Kennedy, Harry Houdini and Elvis," And this has certainly proved to be true, as today the area around the Falls features an extremely dense wad of tourist attractions. In addition to the museums (both wax and regular), there is a place where you can see tiny scale models of many world-famous buildings, such as the Vatican; plus one of the world's largest floral clocks; plus of course miniature golf courses, houses of horror and countless stores selling souvenir plates, cups, clocks, knives, spoons, refrigerator magnets, thermometers, folding combs, tooth brushes, toenail clippers, bats, T-shirts, towels, boxer shorts and random slabs of wood, all imprinted with what appears to be the same blurred, beavily colorized picture, taken in about 1948, depicting some object that could be Niagara Falls, or could also be hamsters mating.

We bought some of these items, and for a good reason: Our brains had stopped working. After a cou-ple of hours of wandering around in an attraction-intensive area, we become Tourist Stupid. Many people do. The most advanced cases can be seen lugging video cameras the size of window air conditioners, relentlessly videotaping everything in their path - parking lots, sidewalks, litter barrels, restrooms, random patches of dirt - so they can share these Precious Vacation Memories with their friends when they get home.

AELA ASAKA AASAKA AASAK

Also, tourists will pay money to see virtually anything. For exam-ple, we paid to go into the Houdini Museum. If I bad to describe this museum in a single word, that word would be: "dark." It was like wandering around in an unlit attic. I think I saw some items in there that we sold at our 1983 garage sale. But we enjoyed it anyway. That's the kind of tourists we are.

Of course the big tourism attrac-tion is Niagara Falls, a geological formation caused by the Great Lakes being attracted toward gravi-ty. Also limestone is involved. We learned these facts from a giantscreen movie about the falls that we paid to get into after the children became bored after four minutes of looking at the actual falls. The mov-ie featured a dramatic reenactment of the ancient falls legend of "The Maid of the Mist." This was an Indian maiden whose father wanted her to marry a fat, toothless old man who, in the movie, looks a lot like U.S. House of Representatives Ways and Means Committee chairman and noted stamp collector, Dan Rostenkowski, wearing a bad wig. The maiden was so upset about this that she paddled a canoe over the Falls, thus becoming one with the Thunder God, the Mist God, the God of Canoe Repair etc. At least that is the legend.

ple have gone over the Falls in parrels not always with positive health results. What would motivate people to take such a terrible risk? My theory is that they were tourists. They probably paid AD-MISSION to get into the barrels. Of course now it's illegal to go over the Falls, which - and here f speak strictly from a tourism-promotion standpoint — is 100 bad. I think they'd get bigger crowds up there if there was a chance that, while you were watching, something other than water would go over the brink, such as - these are just suggestions — one of the world's largest floral clocks, or the House Ways and Means Committee, or a 30-foot Winnebago motor bome, ("Roger, I TOLD you we shouldn't have turned left back there." "Shut UP, Marge! This is a SHORTCUT!" "OH

Since that time a number of peo-

IDEO CAMERA, MARGE!") Knight-Ridder Newspapers

SHORTCUT!" "OH NOOOOOO . . " "SAVE THE

The Film Festival Merchant of Venice

By Ken Shulman

R OME — Although his mind is slightly numbed from having viewed nearly 200 films over the past three months. Gillo Pontecorvo has managed to preserve his personal vision for the 50th Venice Film Festival. "I'd like to recreate the climate that I remember here when I was a boy," says the 73-year-old director who won the Golden Lion at Venice in 1966 with "The Battle of Algiers."

"When young people would come from all over Europe, staying in campgrounds or third-class pensioni and eating the pasta e fagioli at a small, delicious restaurant next to the padiglione del cinema." When next to the paraguone are cinema. When cinema seemed so important that we would stay up until four or five in the morning discussing the films we had seen that day, and those that we hoped to see The author of just six films -several of

which have literally etched themselves into the history of cinema - Pontecorvo also has vibrant memories of his experiences as director at Venice. His 1960 masterpiece "Kapo," a film set in the women's barracks of a concentration camp which plumbs the once taboo theme of the symbiosis between jailer and jailed, received the longest applause in the history of the festival.

With 'The Battle of Algiers," the punctilious, doubt-ridden director did not even expect to be invited to the festival, let alone win it. Screenwriter and co-author Franco Solinas needed two weeks just to convince him to submit their film. And when his name was read as the winner of the festival's highest prize, Pontecorvo's wife, who was nine months' pregnant, had a series of contractions and nearly gave hirth in the auditorium, Born a week later, their son was named Marco, after Venice's Piazza San Marco and in memory of the

One of eight children in an affluent Pisan family, Pontecorvo began his career as a journalist for Agence France-Presse where he gradually moved into photogra-phy. After seeing Roberto Rossellini's "Paisa," he decided to become a filmmaker, shooting a series of successful documentaries before making his first feature film "Giovanna" in 1952.

For the past five years, Pontecorvo's friends and colleagues had been pressing him to assume the directorship of the Venice Film Festival. After an initial refusal --"not even if you hang me," the director first replied - Pontecorvo accepted a oneyear mandate in 1992. On arrival, he made several disconcerting discoveries. The climate at Venice had deteriorated noticeably since his youth. Over the past 20 years, the world's oldest film festival had lost much of its appeal and prestige, par-

ticularly in the United States, where few studios cared enough to ship their films to

the city of the Doges. "It was sort of depressing last year," Pontecorvo admits. "I knew that Venice wasn't as important as I had remembered it. But when people in Los Angeles starting asking me when is this festival? I realized how low we had sunk in Ameri-

In his two-year tenure, Pontecorvo has used his own untarnished prestige to resuscitate the festival. Alarmed at the increasing lack of artistic freedom in world cinema, the Venice festival director has promoted an international symposium of authors and directors that is dedicated to reversing what Pontecorvo perceives as a downward trend toward uniformity in film. The symposium, which will convene during the festival, counts Wim Wenders, Martin Scorsese, Ken Loach, Robert Altman, Costa-Gavras and many others among its members.

"Cinema can be art," he explains, "but

it can also be mere spectacle, or mass communication. Over the past 40 years, due to the nature of the film market, it has become considerably more difficult for a director to obtain the necessary freedom and to achieve any kind of artistic expres-

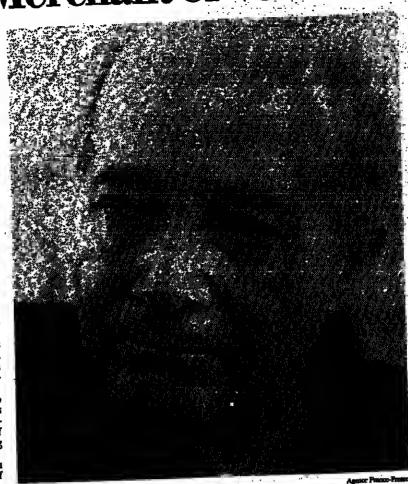
Hardly a prolific author, Pontecorvo has always been extremely selective in his own work, with a strong element of self-criticism that has buttressed the quality of his films while dramatically undermining

On the screen, Pontecorvo assumed radical political stance. "The Battle of Algiers" and "Quiemada" were both innovators in portraying the injustices of colonialism, and glorifying indigenous strugges for independence. "Ogro," (1982.) Pontecorvo's last film, is about terrorism

Artistically, he is both exacting and uncompromising, often to his own detriment. By his own estimate, be has abandoned 60 scripts over the past 40 years, earning himself a reputation as an absolute — and sometimes unreliable - perfectionist.

"A director always reaches a point where I ask myself why I should make a film," he confesses, chuckling as if at an all-too-familiar vice. "It's like throwing a bucket of ice water on a couple that is making love. I don't know why I do it. Ulysses knew he shouldn't listen to the siren's song, yet had had to tie himself to the mast because he couldn't resist it. 1 can't resist it either, even though I know I shouldn't listen. And I have yet to find my

Yet the siren that has entranced Pontecorvo has also led him to enchantment, and to take risks that few directors would



Gillo Pontecorvo, new director of Venice's 50th annual film festival.

hazard. When casting "Queimada," Pon-tecorvo insisted on Marlon Brando for the part of the English subversive Sir William, even though his producers at United Art-ists thought Steve McQueen was a better box office draw. And Brando responder with one of the finest performances of his career. For the role of the black rebel leader, Pontecorvo once again balked at the studio's choice, Sidney Poitier. "Sidney Poitier is an excellent actor," Pontecorvo explains. "He just didn't have the

Pontecorvo's search for the right face took him across South America, and finally to an isolated village in Colombia where se found a young farmer named Marquez. Marquez had never seen a film, let alone acted in one. He had never seen an electric light. But his cryptic, impenetrable expression was perfect for the part. Pontecorvo assured his producers that his newly-found protagonist spoke passable English,

when in reality Marquez did not even speak Spanish. "He signed the contract for the film with his fingerprint," the director

After the Venice festival, Pontecorvo plans to complete the writing of a script enritled "I Segnair" (The Signs.) The film will be an interior reflection, examining those emotional marks that cause a man to yearn for the sense of shelter and protection he knew only in his infancy.

Pontecoryo, who helped write the music for "Kapo" and "Battle of Algiers," has already composed the principal musical themes for "I Segnali." And this, in turn, is a sign that his 11-year drought is over. "If the music is born, it means that the film will be made," he promises, "This is the point of no return, and I've passed it."

Ken Shulman is an American writer

THIS WEEKEND AT THE BEACH

Wedding for Spike Lee? Silence on All Fronts

Lips are zipped about reports that Spike Lee will many Tonya Linette Lewis, 32, a Washington lawyer. The New York Post reported that the two, seen together frequentiy at basketball games, plan to marry Oct. 2 in New York. But a call to the film-director's produc-tion company yielded only this:

We have no information to give about Spike's private life."

Doctors granted Mother Teresa her wish for her 83d birthday and discharged her from the hospital on Friday. She had been in the New Delhi hospital for a week with ma larial fever.

A rare early recording by the Beatles, made in the Cavern Club in Liverpool, has sold for £6,000 (\$9,000) at Christie's in London. The double-sided acctate disc. The double-sided acetate disc, made in 1962, featured the group performing "Some Other Guy" and "Kansas City/ Hey Hey Hey!"

"I thought the record had disappeared years ago with various house moves. Luckily, my brother had lent if to a friend," said the caller. Change Mound of Wales. seller, Olwen Mound of Wales.
"Some years ago, he took it to a shop in Brighton for me and was a offered £14." A feather trimmed. negligee worn by Madoum sold for £11,000.

A nap in public. A previously unobserved pallor in her complexion. As far as Japan's royal-wa ing tabloids are concerned it can only mean one thing: Crown Prin-cess Masako is pregnant. But the palace says such hopes are prema-ture. Masako and Crown Prince Narulato were married in June.

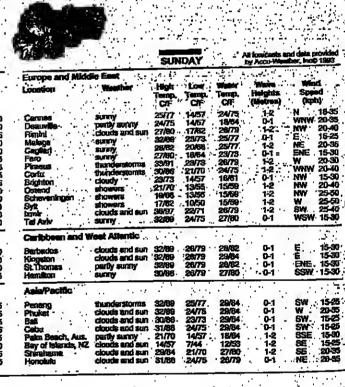
After three days of visiting Florida tourist attractions, Princess Di-ann and her sons, William and Herry, are off to a secladed resort in the hamas. They will stay at the vacation home of the Menzies family near Nassau. Diana's close friend Kate Menzies is one of those accompanying the royals on their va-

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Malaga	clouds and sun	30/86	22/71	25/77	0-1		20-40
Cagliari	clouds and sun	27/80	21/70	26/79	1-2	N	15-25
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Corfu	clouds and sun	33/91	22/71	25/77	0-1	MIMIM	20-35
Brighton	clouds and sun	22/71	12/53	17/62	·· 1-2	·W	15-30
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